

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF APPLIED ECONOMICS  
MASTER OF PUBLIC ADMINISTRATION PROGRAMME**

**ANALYSIS ON CHANGING TRADE PATTERN IN  
MYANMAR**

**NAY WIN AUNG  
EMPA - 42 (18<sup>th</sup> BATCH)**

**OCTOBER, 2022**

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF APPLIED ECONOMICS  
MASTER OF PUBLIC ADMINISTRATION PROGRAMME**

**ANALYSIS ON CHANGING TRADE PATTERN IN MYANMAR**

A thesis submitted as a partial fulfillment towards the requirement for the degree of  
Master of Public Administration (MPA)

**Supervised by**

Dr. Tin Tin Wai  
Pro-Rector  
Yangon University of Economics

**Submitted by**

Nay Win Aung  
Roll No. 42  
EMPA (18<sup>th</sup> Batch)  
(2019-2021)

**October, 2022**

## **ABSTRACT**

Myanmar is building a new modern developed democratic nation in accordance with the constitution and when market-oriented economic system is being implemented and efforts are making to develop trade and the growth of the national economy. The objectives of the study are to study the importance of trade and implementation of trade sector development in Myanmar and to analyze changing pattern of trade from (2010-2011) financial year to (2020-2021) financial year in terms of countries and commodities. Although the country trade deficit has declined since 2015, Myanmar's export base is still dominated by raw materials. Most of the export commodities are primary products such as agricultural products, gas, garment, precious stones and pearls, and raw rubber. Garment was the largest export item with 22.4% and gas exports accounted for 20.3% of the total export value in (2020-2021) financial year. The largest import was refined mineral oil that accounted for 15.8% in 2021 and, followed by mineral fuels, lubricants and related materials (14.3%), Machinery non-electric and transport equipment (14%). Moreover, pharmaceutical products, cement, electrical machinery, non-electric and transport equipment were imported. China is ASEAN's largest trading partner that accounted for (41%) of total exports from Myanmar in 2021, followed by Thailand (19 %), Japan (6.1%), India (5.7%) and United States (4%). China was the largest importing country that accounted for (31.4%), followed by Singapore (17.74%) and Thailand (13.55%). The study suggested that that the government should encourage the establishment of manufacturing hubs with large private factories capable of producing garments for export. In order to reduce the trade deficit, the government should penetrate the international market and find new markets. The government should encourage entrepreneurs and support MSMEs to export promote and import substitution. It should depend on export diversification and value-added, capital intensive manufacturing and processing to stimulate local industry.

## ACKNOWLEDGEMENTS

First and foremost, I would like to acknowledge my indebtedness to Professor Dr. Tin Tin Htwe, Rector of Yangon University of Economics, Professor Dr. Ni Lar Myint Htoo, Principal of National Management College and Professor Dr. Khin Thidar Nyein, Pro-Rector of Yangon University of Economics for their sharing valuable knowledge, guiding with heart and soul for completion of this thesis

I am also grateful to Professor Dr. Kyaw Min Htun, Pro-Rector (Retired) of Yangon University of Economics. And also, I would also like to express my deepest appreciation and thanks to my thesis supervisor. Professor Dr. Tin Tin Wai, Pro-Rector of Yangon University of Economics for her guidance, supervision, instructions and invaluable suggestions in carrying out this thesis. Without her valuable guidance, it would have been impossible to accomplish this study in time.

I would also like to extend my deepest appreciations to Professor Dr. Su Su Myat, Head of Department, Department of Applied Economics, Yangon University of Economics and Programme Director of MPA Programme..

I deeply appreciate and thank all my teachers who shared their knowledge and practical experience during the two years course period and in particularly I would like to acknowledge tremendous assistance provided by my friends from EMPA 18<sup>th</sup> Batch who have supported me in the study.

# TABLE OF CONTENTS

	<b>Page</b>
<b>ABSTRACT</b>	<b>i</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>TABLE OF CONTENTS</b>	<b>iii</b>
<b>LIST OF FIGURES</b>	<b>v</b>
<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF ABBREVIATIONS</b>	<b>vii</b>
<b>CHAPTER I INTRODUCTION</b>	<b>1</b>
1.1 Rationale of the Study	1
1.2 Objectives of the Study	3
1.3 Method of Study	4
1.4 Scope and Limitations of the Study	4
1.5 Organization of the Study	4
<b>CHAPTER II LITERATURE REVIEW</b>	<b>5</b>
2.1 Role of International Trade	5
2.2 Commodity Trade	6
2.3 Trade Policies	9
2.4 Trade Strategy	11
2.5 Review on Previous Studies	13
<b>CHAPTER III AN OVERVIEW OF TRADE IN MYANMAR</b>	<b>14</b>
3.1 Historical Background of Trade in Myanmar	14
3.2 Trade Policy of Myanmar	19
3.3 Trade Strategies of Myanmar	22
3.4 Trade Reforms of Myanmar	24
3.5 Trade Performance in Economy	25

## **TABLE OF CONTENTS**

	<b>Page</b>
<b>CHAPTER IV ANALYSIS ON CHANGING TRADE PATTERN IN MYANMAR</b>	<b>29</b>
4.1 Export, Import and Importance of Trade in Myanmar	29
4.2 Changing Trade Patterns in Terms of Commodities in Myanmar	38
4.3 Changing Trade Patterns in terms of Countries in Myanmar	46
<b>CHAPTER V CONCLUSION</b>	<b>53</b>
5.1 Findings	53
5.2 Suggestions	54
<b>REFERENCES</b>	<b>58</b>
<b>APPENDIX</b>	

<b>Figures</b>	<b>LIST OF FIGURES</b>	<b>Page</b>
3.1	Trade and Gross Domestic Product (GDP) Index (2010-2021)	27
4.1	Total Export Value	30
4.2	Total Import Value	32
4.3	Total Export Value and Import Value	34
4.4	Top Ten Export by Commodities	41
4.5	Top Ten Import by Commodities	45
4.6	Top Ten Direction of Export by Country	49
4.7	Top Ten Direction of Import by Country	52

<b>Table</b>	<b>LIST OF TABLES</b>	<b>Page</b>
3.1	Trade and Gross Domestic Product (GDP) Index (2010-2021)	27
4.1	Total Export Value	30
4.2	Total Import Value	32
4.3	Trad Balance in Myanmar	33
4.4	Top Ten Export by Commodities	40
4.5	Top Ten Import by Commodities	44
4.6	Top Ten Direction of Export by Country	49
4.7	Top Ten Direction of Import by Country	52



## **LIST OF ABBREVIATIONS**

ASEAN	Association of Southeast Asian Nations
FAD	Food and Drug Administration
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
MACCS	Myanmar Automated Cargo Clearance System
MIC	Myanmar Investment Commission
NES	National Export Strategy
SAC	State Administrative Council
SEEs	State-owned Economic Enterprises
SLORC	State Law and Order Restoration Council
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
WTO	World Trade Organization

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Rationale of the Study**

In the study of the economic development of countries in the world, the trade sector is essential in order to continue to promote the development of developing countries. Both theoretically and in practice, trade is the main source of a country's income. The balance of trade depends on the percentages of the volume of the country's export and import.

The nature of trading is more than commodity trading and targets more specific items in the market. In order to be competitive in trade, the flow of goods needs to be ready not only in price but also in quality. Therefore, it is necessary to promote specialized products and improve technology. Commercial capability is high product quality and low production cost. In addition, trade creates employment opportunities and improves the productivity of the country.

International trade between different countries is a main factor in improving the living standards of citizens. International trade can bring in goods that are needed but not produced domestically, and exporting surplus goods domestically generates foreign exchange and helps a country develop its economy. International trade has become increasingly important since the beginning of trade, investment in exports and imports has increased in recent years as the proportion of Gross Domestic Product (GDP) has increased.

Without international trade, even developed countries would not have reached their current status, and the development of developing countries would have been reduced. Developing countries, which specialize in primary commodities and specialize in manufactured products, receive all or most of these benefits of industry and trade in developed countries.

Myanmar is building a new, modern and developed democratic nation in accordance with the constitution, and while implementing a market-oriented economic system, efforts are being made to develop trade and develop the national economy.

Myanmar is a member of the World Trade Organization (WTO), the Association of Southeast Asian Nations (ASEAN) and the Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation (BIMSTEC). Trade with other ASEAN member countries accounts for about half of Myanmar's trade volume. Myanmar has signed free trade agreements with Australia, Hong Kong, China, Japan Korea, India and New Zealand.

Myanmar believes in trade freedom and wants free and fair trade in the world. Trade policy is generally governed by the governance-based multilateral trading system in Myanmar.

In Myanmar, exports and imports are currently declining due to the coronavirus pandemic. Both sea trade and border trade have declined amid the effects of the coronavirus and political changes. The government is trying to reduce the trade deficit by scrutinizing luxury goods and promoting exports.

Myanmar exports items from nine major commodity groups. They include agricultural products, animal products, marine products, timber, base metal ores, precious and semi-precious minerals, gas, garment and other commodities. Myanmar major imports items are divided into three groups such as capital goods, intermediate goods, consumer goods. The study learns about the changes in the trade, example, type of products in trade.

There were some changes of trade policy, rules and regulations in Myanmar during 2021. In order to relax the requirement of major export license for export promotion and to limit certain imports to save foreign exchange and protect domestic production. Beginning in April 2021, the State Administrative Council (SAC) imposed restrictions on imports and introduced import substitution and trade items.

As stated by the Chairman of SAC, the main intention for initiating these import restrictions is to support domestic industrialization and promote exports. The government has finalized of national export strategy (2020-2025) and it is the right time to prepare the same to mitigate the impact of the pandemic in the short, medium and long term on export sectors.

Myanmar's export is primarily in the areas of electronic and electrical machinery. Information technology services, food processing, fisheries, forest produce, textile and garments, rubber, rice, bean pluses and oilseeds. Understanding the impact of COVID-19 on these sectors and their potential has led to the need to develop mitigation strategies.

The COVID-19 situation and the political situation have slowed Myanmar's economy and trade with partner countries overall. Due to the pandemic challenges, fundamental changes in the health care sector are urgently needed. Medical equipment and pharmaceuticals are important in the current situation. For example, due to the impact of COVID-19, there has been an increase in imports and exports of medical products.. So that, the study will be identified the import and export situation at changes in items.

The main export countries are China, Japan Thailand United States Singapore India Republic of Korea Malaysia Hong Kong and Germany. The main exports are agricultural products, animal products, marine products, wood, base ores, precious stones and pearls, garments and natural gas.

The main imported commodities are food, beverages and tobacco, crude materials, inedible except fuel, mineral fuels, animal and vegetable oils and fats, chemicals, manufactured goods, machinery and transport equipment, miscellaneous manufactured articles and miscellaneous transactions and commodities. Main importing countries are China, Japan, India, Indonesia, Germany, France and Hong Kong. The study aims to analyze on changing the commodity pattern of trade in Myanmar with export, import and border trade.

## **1.2 Objectives of the Study**

The objectives of the study are (1) to examine the importance of trade and implementation of trade sector development in Myanmar and (2) to analyze the changing patterns of trade in Myanmar.

### **1.3 Method of the Study**

The method of study is descriptive based on secondary data from the Ministry of Commerce, Ministry of Planning and Finance, Department of Customs, Department of Border Trade, various issue documents and articles from libraries and other department, statistical year books from central statistical organization and internet web site.

### **1.4 Scope and limitations of the Study**

This study mainly analyzed the changing pattern of trade in Myanmar between 2010-2011 financial year to 2020-2021 financial year. The study mainly focused to analyze on only top ten trading partner countries and top ten export and import commodities.

### **1.5 Organization of the Study**

The study is divided by five chapters. Chapter one is introduction chapter with rationale of study, objective of the study, method of the study, scope and limitations of the study and organization of the study. Chapter two is literature review on role of international trade, commodity trade, trade policies, trade strategy and review on previous studies. Chapter three presents the historical background of trade in Myanmar, trade policy of Myanmar, trade strategies of Myanmar, trade reforms of Myanmar and trade performance in economy. Chapter four analyses on changing the commodity pattern of trade in Myanmar. Chapter five indicates the finding of the study and suggestion for changing the commodity pattern of trade in Myanmar.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Role of International Trade**

International trade is the exchange of goods and services between countries. Global trade allows consumers and countries to obtain goods and services that are unavailable or more expensive domestically in their home countries. The importance of international trade was first recognized by political economists such as Adam Smith (1766) and David Ricardo (1817). However, some argue that international trade can actually be bad for small countries, putting them at a huge disadvantage on the world stage (Blonigen and Wilson, 2012). International trade not only improves efficiency but also allows countries to participate in the global economy, encouraging opportunities for foreign direct investment (FDI).

International trade arises from differences in certain areas of different countries. Typically, differences in technology, education, demand, government policies, labor laws, natural resources, wages, and financial opportunities stimulate international trade. The benefits of international trade for a business are a larger potential customer base; Low profit margins and less competition with less competitive foreign exchange rates (Mrinalini, 2020). These are the benefits that can be gained through diversification and foreign exchange.

It provides consumers with more choice, enhances competitiveness, and enables businesses to produce high-quality products at lower costs, benefiting these consumers. Focus on producing goods that have a comparative advantage for a country to benefit from international trade. Although, some countries restrict international trade with tariffs and quotas to protect the domestic economy, international trade has been shown to benefit the economy as a whole (Surugiu, 2015).

International trade barriers are policies implemented by governments to prevent international trade and protect domestic markets. These include subsidies, tariffs,

quotas, import and export licenses, and standardization. Global economies have become interdependent through globalization and international trade is an integral part of most countries (Surugiu, 2015).

## **2.2 Commodity Trade**

A commodity, also called primary products or primary goods, are goods sold for production or consumption as they are found in nature. A commodity market trades raw or primary products rather than manufactured products. Soft commodities are agricultural products such as wheat, livestock, coffee, cocoa, and sugar. Hard commodities are mined or extracting fossils such as gold, rubber, natural gas, and oil (Teall, 2018).

Primary commodity trade consists of raw or semi-refined materials and their search; Commodities that primarily reflect the costs of collection or harvesting. They are processed into final goods or traded for incorporation. Examples include crude oil; cotton, rubber grains, Includes metals and other minerals.

On the other hand, manufactured products such as machinery and clothing include products whose value largely reflects the cost of production processes. Such manufacturing processes contribute little to the value of primary goods that undergo little processing before trade (Wonnacott, 2019).

### **2.2.1 Primary Commodity Markets**

Trading in underlying commodities can take the form of regular commodity exchanges such as day trading (technically referred to as spot trading) or futures contracts (Wonnacott, 2019). A futures contract is an agreement to deliver or receive a certain amount of a commodity at an agreed price at a specified time in the future.

A large bulk of commodity trading is contracts for future delivery. The purpose of trading futures is to hedge the risk of price changes (hedging) or to make a profit by speculating on price trends. If a speculator believes that prices will rise, buys and sells a futures contract when wishes (for example, at a more distant delivery date). The

speculator makes profits (if prices go up) or losses (if they go down); Differences due to price changes (Wonnacott, 2019).

Heading is actually offsetting commitments in the market with futures contracts. A producer who buys a product at the (current) price but doesn't normally resell it for three months can insure against price declines by selling futures: if the price falls, they lose inventory but can buy at a discount. If prices rise, he makes a profit on his inventory but a loss on his future sales. Since the futures market is closely related to price movements in the actual market, A loss (or gain) on actual transactions will typically be offset by a comparable gain (or loss) on the futures market (Wonnacott, 2019).

### **2.2.2 Effect on Economic Development**

Through their repercussion on export earnings, price fluctuations are often held responsible for the variations in the growth rate of countries producing primary goods, especially since exports of a single primary good account for a large part of the total exports of many countries (Brambilla, Lederman and Porto, 2012).

However, as mentioned above, there are many other factors that influence export earnings, such as prices, and the volume of exports that determine export earnings. These factors include the type and destination of exports and the economic policies of the countries concerned.

Therefore, it is difficult to generalize about the relationship between economic growth and foreign trade. In many countries with volatile exports, national income is relatively stable. In other countries where exports are stable, national income is stagnant. for example, if demand for these exports grows rapidly, the stimulus from exports will be stronger.

Often, however, the transfer of development to the non-export sector of the economy, social and political institutions are obstacles in less developed countries. For example, it is important at the same time to try to reduce exports of goods for which demand is growing slowly in some countries, and to increase exports of goods such as metals, where global demand is growing more rapidly.



### **2.2.3 Efforts to Stabilize Prices**

The uncertainty both for private producers and for governments resulting from sharp and sudden commodity price changes has resulted in many efforts to achieve greater stability on the market in primary goods (Guittion, 2006).

Although in theory a country can insulate domestic producers from international price fluctuations through various tariffs and subsidies. In times of political price hikes, it is difficult to keep producers' profits from taxing and redistributing the resulting income.

The main risks inherent in state stability programs are the incoherence of government policies and the excessive operating costs of relevant government agencies. These factors explain the satisfactory results of many national pricing agencies. Other efforts to stabilize commodity prices since World War II include the Multilateral Treaty; Quota agreement and buffer-stock agreement are mainly considered in three forms (Hager, 1973).

Transactions are affected by global market prices. When the lowest or highest price is reached or approached; Efforts are made to ensure that prices are within two limits. Each of the three systems succeeds in a different way. In a multilateral contract system, consumers and producers undertake to buy or sell a specified quantity of a commodity at agreed minimum and maximum prices or prices within an agreed range.

In the quota method, when the minimum or maximum price is exceeded, the negotiated quantity is determined by a fixed quota. When there is an excess, producers limit their exports or production. When shortages occur, quotas are allocated to consumer countries.

Stability is ensured by combining the export control scheme with the buffer-stock scheme through the buffer-stock method. In some cases, exports are restricted by the controlling body (Porter, 1950). The market price is procured by the intermediary-stock agency at the floor price mentioned in the lower section or in the agreement. The intermediary-stock agency sells when the market price is in the upper sector or at the ceiling price.

### **2.3 Trade Policies**

Development experience suggests that a country's trade policy greatly influences its competitiveness. Economists generally categorize countries into inward- and outward-oriented economies by their trade policies. The difference between them is the degree of effective protection of production for the domestic market compared to exports.

An inward-oriented trade policy provides significant protection for domestic market production, while an outward-oriented policy is biased toward exports, with limited protection and export preference. Economists agree that outward-oriented trade policy correlates better with export competitiveness than outward-oriented competition. An outward-oriented trade policy improves resource allocation in terms of comparative advantage (Wignaraja, 2003).

Woong and Heiduk (2005) stated that world trade is a very complicated phenomenon because it is not just an economic but also a social and political matter. Implementing a right trade policy will enhance the economic welfare and growth of the economy (Woong and Heiduk, 2005). Therefore, they proposed a strategic trade policy in line with their macroeconomic goals. With regard to trade policy, every country has a trade policy at the national level to direct its external trade and to determine the nature of its trade relations with the rest of the world.

A trade policy is a set of trade rules. The purpose of trade policy is to help a country's international trade run more smoothly by setting clear standards and goals that potential trading partners can understand. In many regions, groups of countries work together to create mutually beneficial trade policies.

The trade policy is export infrastructure; level of education It is an important potential instrument for the implementation of national development policies along with other factors such as marketing and standardization institutions. Trade policies include not only border measures but also domestic measures that directly affect the competitiveness of domestic products.

Trade policy is also related to foreign policy. In addition, it is possible to implement the policy. coordination, harmony timetables; It must be characterized by transparency and continuity. Some are moving toward full protectionism, others are fully liberalizing trade, and others are liberalizing trade in some sectors while raising barriers in other sectors of their economies.

Theoretically, a country's trade policy can range between completely free trade standards (absolutely no government interference) or fully protectionist policies that control all trade with a foreign country.

### **(A) Tariff Barriers**

Tariff barriers are a type of protectionist trade barrier that can come in several forms (Radcliffe, 2022). Economists agree that while tariffs may benefit some domestic sectors, free trade policies are ideal in global markets. Although tariffs are paid by the exporting country, not domestic consumers, they have the effect of raising the relative price of imported products. Other trade barriers include quotas. This includes licenses and standardization, and seeks to make foreign goods more expensive or limited in availability.

The impact of tariffs and trade barriers on consumers and governments changes over time. In short, Higher commodity prices can reduce consumption by individual consumers and businesses. During this period, some businesses will benefit and the government will increase its revenue from duties. In the long run, This industry may experience a decrease in efficiency due to less competition and the emergence of substitutes for their products, which may result in lower profits.

### **(B) Nontariff Barriers**

A nontariff barrier is a way to restrict trade using trade barriers in a form other than a tariff (Tarver, 2021). Nontariff barriers include quotas, embargoes, sanctions and levies. As part of their political or economic strategy, some countries often use nontariff barriers to limit the volume of trade with other countries.

Countries commonly use non-tariff barriers to international trade. Decisions about when to impose non-tariff barriers are influenced by a country's political alliances and overall availability of goods and services.

In general, any barrier to international trade, including tariffs and non-tariff barriers, affects the world economy because it restricts the functioning of free markets. Some companies may consider the lost revenue from trade barriers an economic loss, especially for those who favor laissez-faire capitalism. Advocates of laissez-faire capitalism believe that governments should refrain from interfering in the functioning of the free market.

Countries can use non-tariff barriers instead of traditional tariff barriers, which are taxes paid by the exporting country to the importing country for goods or services.

## **2.4 Trade Strategy**

According to the structure of international trade, countries adopt two different industrialization strategies, mainly import promotion (IS) and export promotion (EP). A strategy is a general pattern or approach and its scope is greater than a policy. A specific strategy can be employed to help this through appropriate policies.

In early developing countries, development came into shape by replacing imported goods with domestically produced goods. In other words, most countries develop through import substitution. It is possible to bring underdeveloped industries to a level where they can compete with foreign industries around the world. It is a proof that most of the less developed countries have changed their policies to adopt export promotion strategy after import substitution strategy (Edwards, 1993).

### **(A) Import Substitution**

Basically, import substitution is substituting the imported goods with the locally produced goods to meet the internal demand (Bruton, 1998). This requires a safeguard. The organization that will protect this is the government. Generally speaking, this is government intervention in the market.

The government taxes, not only through quotas, but also through exchange rates, it can also be done through the prices of factors of production and the interest rate.

Import substitution is an economy-wide strategy that values domestic production through government intervention. In general, Countries with more stable real exchange rates experienced poorer overall performance than countries that managed to maintain more stable real exchange rates (Edwards, 1993).

The policies used in the import substitution strategy bring the country's economy closer to the rest of the world. price Interest and exchange rate policies are oppressive. Due to high protection levels, Internal and external price levels differ greatly in value. The government tried to remedy the lack of competition with foreign industry, but this further damaged the economy (Bruton, 1998).

## **(B) Export Promotion**

An export promotion strategy only promotes industries that have the potential to compete with foreign competitors. As the objective is to trade abroad, it becomes competitive and to some extent cures return to scale. The main objective of the export promotion strategy is to prepare potential industries to compete with foreign competitors. So they have to protect their childhood businesses for a while (Balassa, 1989).

According to the theory of comparative advantage, a country must specialize in production that uses the factors it owns in most production. In this way, the structure of the entire enterprise is in harmony with the structure of the country. If the country has an advantage in human capital, an export promotion strategy can cure the unemployment problem (Bruton 1989).

The indirect effect of the export promotion strategy appears in the export values of the countries. An increase in exports increases the flow of foreign exchange. However, an increase in the country's income led to an increase in import expenditure, further worsening the country's trade balance (Srinivasan, 1999).

## 2.5 Review on Previous Studies

Julia Wörz, (2003), *Patterns of Trade and Specialization and Economic Growth*, investigated the impact of trade structure and trade specialization on long-run development patterns in a heterogeneous set of countries, including most OECD countries, developing and rapidly industrializing Asian and Latin American countries as well as ten Central and Eastern European countries over the period 1981 to 1998.

The results, while not as strong as expected, point to a role for trade structure in economic growth. Trade, especially in intermediate and high-tech industries, is positively related to GDP growth not only for East Asia but also for advanced OECD countries. Low- and medium-skill exports (to a large extent the transport industry) play a special role in capturing economies, including in East Asia. Finally, differences are observed between the effects of export and import composition.

Purva Yadav (2012), “India’s changing trade pattern in the process of globalization”, studied an exploratory attempt to measure the quantum leap in export and import to India, and to identify changes in commodity composition and regional patterns of inflows and outflows of merchandise trade. The analysis pertains to four points of time 1990, 1995, 2000 and 2005. Some of the major findings of the study are as follows: (i) The manufacturing sector has increased its share in other trade sectors. (ii) specialized production and diversification of consumption; (iii) India's trade gradually shifted away from low value products.

Than Tun Soe (2018), analyzed trade pattern changes of Myanmar in different regimes since 1988 by focusing on five financial years. The change in trade patterns is important to understand for Myanmar, which has emerged as a natural strategic hub between the two superpowers China and India, a region with potential for growth. Myanmar already has a strategic location for natural trade. The analysis aims to take into account the evolving business model in Myanmar.

## **CHAPTER III**

### **AN OVERVIEW OF TRADE IN MYANMAR**

#### **3.1 Historical Background of Trade in Myanmar**

Myanmar is the largest country in mainland Southeast Asia Region with a land area of 676,577 kilometers<sup>2</sup> (261,227 sq mi). It is the world's 40th largest country and the second largest in Southeast Asia. It stretches for 936 kilometers from east to west and 2,051 kilometers from north to south. Myanmar shares borders with 5 countries for about 6,151 kilometers, sharing 2,205 kilometers with China, 2,108 kilometers with Thailand, 1,339 kilometers with India, 274 kilometers with Bangladesh and 225 kilometers with Laos. The length of the coastline is 2,229 kilometers.

The country is bordered in the west and north-west by Bangladesh and India respectively and by China in the north and, Laos and Thailand in the east. To the south, Myanmar shares coastal waters of the Bay of Bengal and the Andaman Sea with Malaysia and Singapore. This great geographic advantage provides an opportunity for the country to become a major shipping hub in the future as it is currently developing deep sea ports in Rakhine and Myeik.

Myanmar's mainly trading partner are Asia Countries. More than 70 % of total export goes to the Asia Countries and about 90 percentage of total import comes from these countries. Myanmar' export of major commodities are rice and rice products, pluses, maize, oils, raw rubber, raw cotton, agriculture products, animal products, fish, prawn, timber, teak, hardwood, base metal and ores, precious and semi-precious minerals, sliver, peals, gas, garment and other commodities. The major import commodities are machinery and related products, mineral fuels and oils, vehicles, electrical and electronic equipment, iron and steel, pharmaceutical, other various products.

### **3.1.1 Colonial Period**

The colonial period was capitalist economy in Myanmar. Although the capitalist economy is not a capitalist system like the European ones, it is the British ruled Myanmar's economy by Laissez-faire policy and monopolized international trade (Thein, 2004). Most of large businesses were owned by the British government and foreign big business group controlled the Myanmar economy. After the opening of the Suez Canal in 1869, local rice trade flourished and major economic activity of rice trade in colonial period has developed in Myanmar. Due to these circumstances, Myanmar's agricultural sector flourished between 1890 and 1935.

The largest business in colonial period Myanmar was cotton, rice, oil production and sales, import business, shipping agent business, insurance business, crude oil and mining. At that time, foreign big businessmen started the Myanmar economy for their own benefit promoted from subsistence economy level to export economy level. In the pre-World War II between post 1930 and early 1940, Myanmar was a regional economic leader and the world's largest exporter of rice.

Therefore, by the end of the colonial period Myanmar became an export economy much dependent on the production and export of a single commodity, namely rice (Thein 2004). This development has greatly benefited foreigners and their companies, but Myanmar farmers have been removed from their positions as landless agricultural workers, almost entirely involved in the modern development process.

### **3.1.2 Parliamentary Democracy Period**

After Myanmar had regained its independence from the British government, the parliament democracy government embarked upon a policy of nationalization and the state was declared the owner of all land. The government attempted to make Myanmar a welfare state by adopting central planning measures. At the time, farmland was nationalized under the Public Property Act and the government expanded rice milling and logging. In 1957, the government encouraged private firms to participate actively in the domestic economy by giving this firms protection from nationalization for 10 years while prohibiting all foreign commercial operations.



During the parliamentary democracy period, Myanmar's commerce industry boomed, with eleven cultivated merchandises accounting for around 44 percent of overall imports and exports contributing for an approximate 50 percent of Gross Domestic Product (GDP). In terms of export composition, rice goods turn into more important in postwar period than in the prewar period and was the most important foreign money earner, while forestry goods, primarily teak, reached in second. Due to diminishing unit value of exports, the trade surplus vanished or became negligible in (1957-1958).

### **3.1.3 Revolutionary Council Period**

The revolutionary council took power of the state in 1962. This council implemented the Burmese Way to Socialism as its administrative theory then followed a self-sufficient socialist system. The revolutionary council government ruled the trading sector such as a monopoly organized by State-owned Economic Enterprises (SEEs) in 1965. Exports were implicitly taxed by the State-owned Economic Enterprises keeping national commodity purchase rates below international prices. Imports were controlled based on government goals and foreign exchange availability. Rice exports, on the other hand, declined precipitously, as a result, export income has dropped dramatically, as have imports, savings, investment, and Gross Domestic Product (GDP) growth.

Myanmar's foreign trade orientation changed slightly in the early 1980s. The country's commercial condition had deteriorated by 1967, resulting in three diverse economics system: the nominal authorized economic system and two black-market economies. The government pursued an internal form and a policy of self-reliance that demanded a socialist economic system from 1962 to 1988 (Than, 1988). The main reason for the economic failure of the socialist era was the incompatibility of economic infrastructure, inconsistency with theory and practice, growth has slowed due to increase decentralization and weak economic independence.

### **3.1.4 The Military Government Period**

The Military Government changed the policies of the socialist economy and the open economy. In 1988, the Foreign Investment Law was enacted and the socialist economic development act of 1965 was repealed in 1989. After 1988, outward economic policy was pursued by implementing economic reforms, regulating foreign direct investment flows, and relaxing international trade rules and regulations in Myanmar.

The Military Government implemented a market-oriented economy and focused abroad. Economic reforms are a top priority for the SLORC government. This includes promoting private investment and entrepreneurship. These include opening up the economy to foreign direct investment and boosting exports. Foreign trade was liberalized in 1989, allowing for private participation as well as an open attitude toward foreign direct investment and foreign trading businesses.

Exporters and importers were allowed to trade privately. Registration allowed Encouraging investment and exports are important steps in the progress of trade. Import first and export later policy is implemented by government, which allows overseas trade to import goods aimed at consignment sales. Due to changing economic and political situation, the pattern of import first and export later has changed later and State-owned Economic Enterprises (SEEs) controls some exports, such as precious stones and minerals, forestry, and petroleum products.

Imports are subject to the importation of this group controlled all same products. The certified exchange rate applies only to the public sector. The private sector has no opportunities of accepting foreign currency at the certified rate. At the certified exchange rate, it is hard to maintain regular foreign export and import, and business relationships. The open-door policy, on the other hand, resulted in major changes, with trade volumes with adjacent nations increasing.

### **3.1.5 First Democratic Government Period**

The first democratic government has implemented a number of reforms in all areas of the economy, containing trade, then adopted trade policy freely. The government has introduced competition laws and regulations to expose up the economy more easily and to integrate the external economy and to integrate into the global economy. Amend the intellectual property rights laws of the Consumer Protection Act.

The government has set four main goals to boost trade: (i) To provide trade of domestic and foreign for the economic progress of the country; (ii) To increase economic effectiveness of government and private commercial housing; (iii) To rise the country's foreign exchange incomes through export promotion; and (iv) Encourage cooperatives and private entrepreneurs to get involved in trade.

The government has legalized border trade by setting entry points and building customs and banking facilities. Imports have been steadily rising over time and since 2012-2013, the trade volume has been in deficit annually. Exports rose sharply but trade and export sanctions led to trade deficit long-term.

### **3.1.6 Second Democratic Government Period**

The economic liberalization and a successful political transition have boosted Myanmar's investment and trade under second democratic government period. The government's export promotion policy is to expand exports to stimulate exports through the use of natural and human resources.

The Government established various commissions to facilitate its economic reform, improve the business environment, and promote competition. The Ministry of Commerce (MOC) is responsible for trade regulations, policy coordination, and implementation of trade-related matters, and issues export and import licenses. Departments under the MOC regularly coordinate trade policies and practices; representatives from private sectors, including the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and other alliance association.

The national trade policy aims to develop the policy framework for achieving the trade related objectives and goals set out in the Economic Policy. These include: (i) regulating and promoting foreign and domestic trade, and establishing an effective and efficient system and sound institutions; (ii) integrating into the world economy by promoting fair competition and encouraging domestic production, technology acquisition, and innovation; (iii) encouraging socially responsible private-sector development as an engine for growth; (iv) encouraging effective and sustainable utilization of natural and productive resources, with due consideration for environmental impacts; and (v) increasing productivity and promoting value-added production of goods and provision of services to foster export/trade diversification and improve national competitiveness.

### **3.1.7 State Administrative Council Period**

Trade expectation in accordance with the market economic system from the economic directions set by the State Administrative Council. The objective of trade policy and trade principles and 26 process were established and implemented. In accordance with the economic policy of the country, the Ministry of Commerce has set a vision of developing the national economy through trade activities and has been working to develop trade activities. The following five objectives are being established:

(a) to increase the volume of trade, (b) to encourage and promote the development and improvement of the private role in accordance with the market economic system, (b) to achieve more market share of Myanmar products in the international market by cooperating with international organization, (d) to protect consumer rights and ensure product safety and (e) to promote innovation and creativity through effective protection of copyright Myanmar.

## **3.2 Trade Policy of Myanmar**

The Myanmar government has adopted a market-oriented economic system and initiated various economic reforms. As Myanmar, like other leading economies, is eager to implement an export-led growth policy, the government has encouraged export

promotion by easing trade policy. In line with the changing economic system, border trade has been regularized to strengthen mutual trade with neighboring countries.

The Ministry of Commerce plays an important role in implementing economic reforms towards a market-oriented economy, especially in the trade sector. The Ministry of Economy and Commerce has established four main objectives and three principles as policy guidelines for conducting trade activities.

The main objectives are (1) to support domestic and foreign trade activities; (2) to improve the efficiency of public and private commercial enterprises; (3) To increase the country's foreign exchange earnings by promoting exports. (4) To encourage commercial activities of cooperatives and private entrepreneurs.

### **3.2.1 Export Policy**

The basic principle of export policy is to use existing natural and human resources to penetrate world markets and produce more value-added products than regular exports. Myanmar's export policy is to export all exportable surplus products and to expand foreign markets using natural and human resources. The activities aimed at increasing and diversifying exports and improving the quality of products sought to increase the volume and value of exports.

The following are the main components of Myanmar's export policy;

1. Export promotion is the main component of Myanmar's external export policy,
2. The private sector allowed to carry out in external trade activities in accordance with the rules and regulations relating to export.
3. Export first is needed in the case of the private sector, however, accounts transfer between different foreign currency accounts holder is also allowed.
4. The private exporters are allowed 100 percent export retention.
5. For the purpose of domestic food security, all commodities are allowed to be exported, except for some limited commodities, such as rice and rice products, which are designated for export only by state-owned enterprises.
6. All private sector exports, including foreign traders and state-owned enterprises, are licensed.

Normally, registered exporters/importers are allowed to export all commodities except rice and rice products and other commodities designated for export only by state-owned enterprises.

### **3.2.2 Import Policy**

The basic principle of import policy is capital goods, construction materials; other essential goods; Personal hygiene is a priority for people's health. In addition, the state is supporting export promotion and import substitution production. The following are the main components of Myanmar's Import Policy;

1. Activities pertaining to import substitution are the main component of Myanmar's external trade policy;
2. Despite efforts to replace some imports with natural resource-based industries and implement economic reforms, the situation has not. It can be expected to produce value-added items such as semi-finished or finished products;
3. The private sector is allowed to engage in external trade activities subject in accordance with the rules and regulations of imports;
4. All private sector imports, including foreign traders and state-owned enterprises, are licensed.;
5. Agriculture, machinery and equipment, construction stores and building materials, etc., are given top priority for import;
6. The private sector is required to import a specified ratio of priority items.
7. In terms of import policy, it is allowed against export earnings with the aim of promoting exports and overcoming the trade deficit problem.

According to the trade policy review from World Trade Organization (Myanmar Market Profile, 2021);

1. Myanmar has been a member of the World Trade Organization (WTO) since 1 January 1995.
2. Myanmar, classified as a least developed country (LDC) by the United Nations, Australia, Belarus Canada European Union (EU). It is a beneficiary of several Generalized System of Preferences (GSP) programs, including Iceland, Japan

Kazakhstan, New Zealand, Norway, Russian Federation, Switzerland, Turkey and the United States.

3. Effective March 29, 2021, all engagement with Myanmar under the 2013 Trade and Investment Framework Agreement (TIFA) has been suspended. The suspension is expected to remain in effect until a democratically elected government resumes.
4. The average Most Favored Nation (MFN) applied tariff rate on agricultural products is 9.6% and 6% on non-agricultural products.
5. tax is charged at a general rate of 5% on the sale of most goods and services. Specific good tax are also levied on 14 groups of goods such as tobacco, liquore, wine, cigarettes, timber and natural gas.
6. In December 2020, Law to Prevent the Increase in Imports to Myanmar. A new import protection law was passed in December 2020 to protect the increase in imports into Myanmar, with the aim of supporting and protecting the competitiveness of domestic producers and SMEs. The new law allows the Ministry of Commerce to conduct investigations to determine the potential and impact of increased imports on the domestic market.
7. Certain products require the approval of the relevant government department for importation. For example, importing machinery and parts requires approval from the Myanmar Investment Commission (MIC). Packaged food and drinks, medical devices and cosmetics require an import recommendation and Drug Registration Certificate from the Food and Drug Administration (FAD).

### **3.3 Trade Strategies of Myanmar**

Myanmar Trade Promotion Organization (Myantrade) formed in 2016 as part of the Ministry of Commerce. It is responsible for trade promotion through a host of activities ranging from organizing trade events and trade fairs, to training, export facilitation and dissemination of market and other information.

The National Export Strategy (NES) provides Myanmar with a detailed framework and decision-making tool to guide Myanmar's trade development and enhance its export competitiveness. To address the competitive constraints affecting Myanmar's competitiveness in global markets, strong, Market-based solutions are

described. The vision of NES is “sustainable export-led growth; It leads to prosperity for the emerging country of Myanmar.

The National Export Strategy (2020-2025) will replace the NES (2015-2019) to address competition constraint. Competitiveness constraints will be addressed in order to boost exports with the aim of improving efficiency and promoting Myanmar's industries. In addition, in regional and global trade, it will set targets to improve opportunities for Myanmar's small, small and medium enterprises (MSMEs) and exporters. The updated NES will guide the development of new exporters while supporting traditional exporters.

The NES provides a targeted program for Myanmar to effectively allocate resources (financial, technical and institutional) to specific trade development priorities. In doing so, NES aims to stimulate Myanmar's trade and export sector, create jobs and support the country's overall socio-economic development.

The NES goals of export competitiveness and diversification are guided by the following strategic objectives:

- a. Sustainable promote, inclusive and equitable export-led growth;
- b. Ensuring a consistent, predictable and transparent policy, legal and regulatory framework;
- c. Developing competitive, diversified and branded exports;
- d. Building enabled and supportive institutions to respond to exporters' diverse needs;
- e. Expanding and building physical trade infrastructure;

The NES is the government and private stakeholders involved in designing seven priority sectors for export development. These sectors have the potential to contribute to Myanmar's economic and social development: the textile and garment industries, forest products, beans, pulses and oilseeds; rice, fisheries, rubber and tourism.

Myanmar's private sector generally has limited financial intermediation; It is generally constrained by policy fragmentation and weak trade support infrastructure. NES' multi-sectoral strategies focus on improving the overall business environment for Myanmar businesses. These strategies are critical to Myanmar's economic future. These



include: access to finance; quality management; trade facilitation and logistics includes commercial information and promotion.

### **3.4 Trade Reforms of Myanmar**

The Government of Myanmar recognizes a clear simple, modern and trade facilitating tariff system. It recognizes a modern and trade-facilitating customs system. Average tariffs applied to both agricultural and non-agricultural products are very low, with a global weighted average of 7.1% and an average of 9.9% for agricultural products and 6.6 for non-agricultural products. About half of the tariff lines are 3% or 1.5% and another 5% are duty free. This situation will be addressed in the next 5-year review of the tariff, scheduled for 2022.

Commercial taxes have been reduced and are being reduced further in the region. As a member of the ASEAN Free Trade Area (AFTA) and the ASEAN Free Trade Agreement (ATIGA), Myanmar is committed to the Common Effective Tariff Scheme (CEPT) and aims to reduce tariffs on intra-ASEAN trade for all tariff lines.

In addition, Myanmar has signed an agreement with Australia and New Zealand (AANZFTA). Republic of Korea (AKFTA); India (AIFTA); China (ACFTA); It is implementing its obligations under ASEAN agreements with Japan FTA (AJFTA) and Hong Kong. boy China (AHKFTA). Under ATIGA AKFTA ACFTA AIFTA and AANZFTA; Preferential tariffs are significantly lower than average MFN tariffs. These impacts are likely to increase in the coming years as Myanmar's obligations under the above-mentioned agreements are expected to decrease.

Myanmar is firmly committed to the concept of modern, smooth customs administration and trade facilitation. project its current reform efforts; Guided by the Customs Reform and Modernization Strategy (2017-2021) from the Ministry of Finance and Industry. It is enshrined in the WTO and ASEAN Trade Facilitation Frameworks and guided by relevant WCO instruments.

Efforts in this area include the Myanmar Automated Cargo Clearance System (MACCS) launched in 2016. MACCS activity translates into significant support for traders. Under the system, the importer submits all import declarations and documents

electronically. MACCS then assesses the shipment, categorizes it and performs a risk assessment. Estimated fees can be paid through a deposit account at MACCS and after issuing payment products as per their risk assessment.

Myanmar launched the Authorized Economic Operator (AEO) program in 2018 and adopted its Standard Operating Procedures in 2019. Trusted merchants, It has been started on a pilot basis with a large number of importers and exporters. The regulation for the post clearance audit was issued in 2017.

In 2019, the Myanmar Customs Department built bonded warehouses with private warehouses. The Department of Customs has issued a permit to operate specialized warehouses and exhibition warehouses in accordance with international standards. Also this year, an online application system for original certificates has been launched as part of the ASEAN e-CO Reform Authority, which allows the exchange of original certificates between ASEAN countries through the National Single Window Routing Platform.

In efforts to implement the ASEAN Rapid Alert System for Food and Feed (2018-2023), the Department of Customs is continuing the gap assessment for the establishment of the National RASFF in coordination with border agencies. Connect with ASEAN RASFF.

In terms of transit, the Myanmar Customs Department is making progress in implementing the ASEAN Customs Transit System planned for 2021 with Thailand, and is discussing with stakeholders to issue ASEAN Transit Permits. Further developments of note include a detailed design for a national window. These include better performance monitoring; Includes time-release studies and improvements in the automation of import and export licenses.

### **3.5 Trade Performance in Economy**

A trade surplus is a positive net balance and a trade deficit is a negative net trade. A trade deficit means that there are more exports in foreign trade than imports.

Myanmar trade to GDP ratio for 2021 was 20.3%, decline from 21.0% in 2020. In the 2020-2021 financial year, Myanmar's total trade declined by 6119149.4 million

kyats to 17573627.6 million kyat compared to the previous period. At the HS6 digit level, 1,454 products were exported to 145 countries and 3,687 products were imported from 157 countries.

Myanmar export to China, Thailand, Japan, United States and Singapore were the top major exporting countries in 2020. Myanmar imports from China, Singapore, Thailand, Indonesia and Malaysia were the top importing countries. Myanmar mostly exports agricultural products, animal products, minerals, forest products, and finished industrial goods. The country mainly imports essential goods, construction materials, capital goods, hygienic material and supporting products for export promotion and the import substitution. The government is trying to reduce the trade deficit by screening luxury import items and boosting exports.

Since April 2021, Myanmar's State Administration Council (SAC) has imposed restrictions on imports and initiated import substitution policies. The SAC's import restrictions include soft drinks and food products (from border trade), a temporary ban on motor-cycles and passenger cars, and limits on export earnings.

Trade liberalization has been high on the agenda of both President Thein Sein and NLD governments over the past decade. Between 2011 and 2014, exports increased by 11 percent annually due to the convergence of official exchange rates and black-market rates, with the easing of foreign exchange controls. 4,000 imports were also removed from the list of licensing requirements in 2015. The NLD government has continued to accelerate trade liberalization and initiated policies that reduce trade costs in order to increase macroeconomic stability and the competitiveness of domestic products.

As a result, Myanmar's ranking in the ease of doing business index climbed in 2020. It was named one of the top-20 most-improved countries in the world by the World Bank. Total trade volume had nearly doubled from 9759190.1 million kyat in the 2012-13 financial year to 17573627.6 million kyat in 2020-21. Myanmar did not experience a balance of payment crisis during its term in power between 2015 and 2020 (Khin Win, 2022). Table (3.1) and Figure (3.1) show the Trade and Gross Domestic Product (GDP) Index (2010-2021).

Trade is crucial to country's development – fueling economic growth, supporting jobs, raising living standards, providing higher foreign earnings and more opportunities to their people. Among the economic sectors in Myanmar, trade sector contributed to (20.3 %) in (2020-2021) financial year. Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. Myanmar trade to GDP ratio for 2021 was 20.3%, a 1.3% decline from 2020.

**Table (3.1) Share of Trade in the Gross Domestic Product (GDP) from (2010-2011 to 2020-2021)**

<b>Year</b>	<b>Trade (Kyat Million)</b>	<b>GDP (Kyat Million)</b>	<b>Share of Trade in GDP (%)</b>
2010-2011	7971161.2	39776764.9	20.0
2011-2012	8918160.0	46307887.7	19.3
2012-2013	9759190.1	51259260.0	19.0
2013-2014	11143650.5	58012754.5	19.2
2014-2015	12217492.3	65261890.2	18.7
2015-2016	13759341.1	72714021.2	18.9
2016-2017	15716792.9	79760096.5	19.7
2017-2018	18789650.5	90450949.1	20.8
2018-2019	21638298.2	105258500.8	20.6
2019-2020	23692777.5	112773996.6	21.0
2020-2021	17573627.6	86561824.6	20.3

Source: Central Statistical Organization (2022)

According to Table (3.1), trade value is increased by year to year in within ten years period. GDP value is increased from 39776764.9 (Kyat Million) in (2010-2011) to 112773996.6 (Kyat Million) in (2019-2020). The country's exports exceed its imports, a positive trade balance occurs. Conversely, imports exceed its exports, a negative trade balance occurs.

Myanmar is developing and implementing export strategies to boost exports, while on the other hand it is trying to reduce the trade deficit as domestic demand has not been reduced. Trade and foreign exchange restrictions have unwound previous reforms to liberalize trade and unify the exchange rate. Stepped up promotion of import substitution and self-sufficiency is reversing much of the increased openness and liberalization that has been a key driver of Myanmar's strong growth record over much of the last decade.

These policy changes have also allowed the authorities greater control over the allocation of resources in the economy, which is likely to benefit some, but ultimately divert resources from their most efficient use. Lessons from Myanmar's economic history suggest that to the extent that these trends continue, investor confidence and the business environment will weaken further, constraining Myanmar's growth potential over the longer-term.

## **CHAPTER IV**

### **ANALYSIS ON CHANGING TRADE PATTERN IN MYANMARAR**

#### **4.1 Export, Import and Importance of Trade in Myanmar**

According to study of Central Statistical Organization data, total export value was USD 8861.01 million with normal trade export value USD 7746.66 million and the border export trade value was USD 1114.35 million in (2010-2011) financial year. In (2011-2012) financial year, total export value was increased to USD 9136.6 million with normal trade export value USD 7107.21 million and border trade export value USD 2028.39 million.

In (2012-2013) financial year, total export value was slightly decreased to USD 8977.01 million with normal trade export value USD 6843.04 million and border trade export value USD 2133.97 million. In (2013-2014) financial year, total export value was increased to USD 11203.96 with normal trade export value USD 8442.77 million and border trade export value USD 2761.19 million.

In (2014-2015), total export value was increased to USD 12523.71 million with normal trade export value USD 8230.73 million and border trade export value USD 4292.98 million. In (2015-2016), total export value was decreased to USD 11136.88 million with normal trade export value USD 6587.95 million and border trade export value 4548.93 million.

In (2016-2017), total export value was increased to USD 11951.64 million with normal trade export value USD 7041.82 million and border trade export value USD 4909.82 million. In (2017-2018), total export value was more increased to USD 14850.70 million with normal trade export value USD 9379.15 million and border trade export value 5471.61 million.

In (2018-2019), total export value was more increased to USD 17060.41 million with normal trade export value USD 9841.24 million and border trade export value USD 7219.17 million. In (2019-2020), total export value was increased to USD 17681.09 million with normal trade export value USD 10911.10 million and border trade export value 6769.99 million.

In (2020-2021), total export value was more decreased to USD 15363.28 million with normal trade export value USD 8454.40 million and border trade export value 6907.88 million.

Below Table (4.1) shows the total export value with normal trade value and border trade value.

**Table (4.1) Total Export Value**

Year	Normal Trade		Border Trade		Total	
	(USD Million)	%	(USD Million)	%	(USD Million)	%
2010-2011	7746.66	87.4	1114.35	12.6	8861.01	100
2011-2012	7107.21	77.8	2028.39	22.2	9136.60	100
2012-2013	6843.04	76.2	2133.97	23.8	8977.01	100
2013-2014	8442.77	75.4	2761.19	24.6	11203.96	100
2014-2015	8230.73	65.7	4292.98	34.3	12523.71	100
2015-2016	6587.95	59.2	4548.93	40.8	11136.88	100
2016-2017	7041.82	58.9	4909.82	41.1	11951.64	100
2017-2018	9379.15	63.2	5471.61	36.8	14850.70	100
2018-2019	9841.24	57.7	7219.17	42.3	17060.41	100
2019-2020	10911.10	61.7	6769.99	38.3	17681.09	100
2020-2021	8454.40	55.0	6907.88	45	15363.28	100

Source: Central Statistical Organization, 2022

According to study of Central Statistical Organization data, total import value was USD 6412.73 million with normal trade import value USD 5396.89 million and the border import trade value was USD 1015.84 million in (2010-2011) financial year. In (2011-2012) financial year, total import value was increased to USD 9035.84 million with normal trade import value USD 7695.46 million and border trade import value USD 1339.60 million.

In (2012-2013) financial year, total import value was increased to USD 9068.91 million with normal trade import value USD 7830.36 million and border trade import value USD 1238.55 million. In (2013-2014) financial year, total import value was increased to USD 13759.5 with normal trade import value USD 11932.61 million and border trade import value USD 1826.90 million.

In (2014-2015), total import value was increased to USD 16633.15 million with normal trade import value USD 14139.00 million and border trade import value USD 2494.15 million. In (2015-2016), total import value was more increased to USD 16577.94million with normal trade import value USD 13973.01 million and border trade import value 2604.93 million.

In (2016-2017), total import value was increased to USD 17211.11 million with normal trade import value USD 14343.88 million and border trade import value USD 2867.19 million. In (2017-2018), total import value was more increased to USD 19447.38 million with normal trade import value USD 16413.39 million and border trade export value 3033.99 million.

In (2018-2019), total import value was more increased to USD 18086.60 million with normal trade import value USD 15019.19 million and border trade import value USD 3067.41 million.

In (2019-2020), total import value was increased to USD 19050.86 million with normal trade import value USD 15900.17 million and border trade import value 3150.69 million. In (2020-2021), total import value was more decreased to USD 6412.73 million with normal trade import value USD 5396.89 million and border trade import value 1015.84 million.



Below Table (4.2) shows the total import value with normal trade value and border trade value. Border trade has become important since 2014-15. Since 2014-15, border trade has grown significantly, accounting for one-third of total trade value. Normal trade decreased from 61.7% in 2019-20 to 55% in 2020-21, and border trade increased from 38.3% in 2019-20 to 45% (almost half).

**Table (4.2) Total Import Value**

Year	Normal Trade		Border Trade		Total	
	(USD Million)	%	(USD Million)	%	(USD Million)	%
2010-2011	5396.89	84.0	1015.84	16.0	6412.73	100
2011-2012	7695.46	85.2	1339.60	14.8	9035.84	100
2012-2013	7830.36	86.3	1238.55	13.7	9068.91	100
2013-2014	11932.61	86.7	1826.90	13.3	13759.5	100
2014-2015	14139.00	85.0	2494.15	15.0	16633.15	100
2015-2016	13973.01	84.3	2604.93	15.7	16577.94	100
2016-2017	14343.88	83.3	2867.19	16.7	17211.11	100
2017-2018	16413.39	84.4	3033.99	15.6	19447.38	100
2018-2019	15019.19	83.0	3067.41	17.0	18086.60	100
2019-2020	15900.17	83.5	3150.69	16.5	19050.86	100
2020-2021	12015.13	81.8	2670.93	18.2	14686.06	100

Source: Central Statistical Organization, 2022

Table (4.3) shows trade balance in Myanmar between (2010-2011) financial year to (2020-2021) financial year.

**Table (4.3) Trade Balance in Myanmar**

<b>Year</b>	<b>Total Export Value (USD Million)</b>	<b>Total Import Value (USD Million)</b>	<b>Total Trade Balance (USD Million)</b>
2010-2011	8861.01	6412.73	2448.28
2011-2012	9136.60	9035.84	100.76
2012-2013	8977.01	9068.91	-91.9
2013-2014	11203.96	13759.5	-2555.54
2014-2015	12523.71	16633.15	-4109.44
2015-2016	11136.88	16577.94	-5441.06
2016-2017	11951.64	17211.11	-5259.47
2017-2018	14850.70	18687.00	-3836.30
2018-2019	17060.41	18086.6	-1026.19
2019-2020	17681.09	19050.86	-1369.77
2020-2021	15363.28	6412.73	8950.55

Source: Centra Statistical Organization, 2022

According to Central Statistical Organization data, total trade balance in (2010-2011) financial year are trade surplus because total export value is more than total import value. And also, in (2011-2012) financial year trade balance is surplus. It was found that the first year of the first democratic government showed a trade surplus in (2011-2012) financial year and in the rest of the years a trade deficit occurred due to the increase in the value of imports. In (2012-2013), the export value was USD 8977.01 million, the import value was USD 9068.91 million and the total trade value was USD 18045.92 million.

During (2013-2014) financial year, changes were made to apply for an export import license and product/importer certificate to allow foreign companies to import/export business-related items that do not require approval from the Myanmar Investment Commission The application of business broker certificates was tested and used in order to apply through the online system.

Separate and expand applications for was using motor vehicle permits; license preparation; cancel renewal activities were carried out. If the goods required to apply for an export license cannot be exported abroad for various reasons, the export license deposit fee charged for re-depositing the export license was exempted.

Among the agricultural products that are not allowed to be imported abroad, cotton and cotton products have been designated as products that can be imported abroad. Myanmar Air under the Ministry of Transport; Myanmar Port Authority domestic water exemption from applying for an import license was granted to goods except goods to be imported for trade in Myanmar.

The foreign currency exchange rate was made uniform. It also recognized the importance of continuing other reforms. In this situation, efforts are being made to achieve the targets and goals for the ASEAN Economic Community (AEC) in 2015. It also gave impetus to further reforms in Myanmar.

As a relaxation on domestic imports, foreign currency exchange rates were standardized and a managed floating rate system was established and implemented. Later, the government was taking action as soon as possible to end the linking of foreign export receipts and domestic import licenses.

The Myanmar government has relaxed foreign currency holding restrictions and allowed foreign currency purchases for car imports. The government of Myanmar needs to gradually remove restrictions on currency exchange and other non-tariff restrictions on domestic imports and has started to implement this plan.

The government has the framework for Economic and Social Reform the following four policy priority areas:

- (a) Sustainable industrialization and poverty reduction and rural development to keep pace with the world economy while accelerating agricultural sector reforms.
- (b) Equitable distribution of resources, revenue budgets and foreign aid between regions and states, while at the same time promoting foreign and domestic investments for regional development.
- (c) People-based development through community-sponsored participatory approaches; Education health Effective implementation to improve social standards.

(d) Ensuring that statistics and information are reliable and accurate in order to make public policy decisions.

In (2013-2014) financial year, the export value was USD 11203.96, the import value was USD 13759 million and the total trade was USD 24963.46 million.

In (2014-2015) financial year, the export value was USD 12523.71 million. The import value was 16633.15 million and the total trade was USD 29156.86 million. Within (2014-2015) financial year, the following trade policies were established and implemented in the implementation of national reforms: (a) systematic formulation and implementation of trade policies in accordance with the market economic system, (b) to carry out export expansion promotion and development of trade activities being able to use modern communication technology, (c) expanding trade not only with regional countries but also internationally, (d) improving the business environment and (e) the supply and price stability of essential commodities for domestic consumption and production

In (2105-2016) financial year, the export value was USD 11136.88 million. The import value was USD 16577.94 million and the total trade value was 27714.82 million. In the (2016-2017), the value of exports was USD 11951.64 million, the value of import was 17211.11 million and the total trade value was 29162.75 million.

The amount of trade has also grown, with EU-Myanmar trade volumes rising from \$653m in FY 2015/16 to \$1.4bn in FY 2016/17. The US government, meanwhile, lifted most of its remaining economic sanctions on Myanmar since 2016, most of which targeted individuals and select companies.

In (2017-2018) financial year, the value of export was 14850.70 million, the value of import was 18687.00 million and the total trade value was 33537.7 million. In (2017-2018) financial year, for the development of the trade sector, efforts have been made to facilitate the exportation and the development of foreign trade in order to be able to produce and export products that have a strong market and wide availability of the market. The value of export was USD 14850.70 million. The value of import was USD 18687.00 million. So that, trade deficit was USD 3836.30 million.

In order to develop the trade sector in (2018-2019) financial year, the government established short-term and long-term plans and carried out the mid-year plan and the national export strategy through export-led growth. In addition, trade promotion, trade facilitation trade negotiation, trade liberalization, trade education and consumer protection were also implemented.

Development of export-based industrial production activities in order to be able to increase exports of Myanmar's export products as high-value products based on the policy of expanding trade not only with regional countries but also internationally. The World Trade Organization to expand trade not only with regional countries but also to the international market.

In (2018-2019) financial year, the export value was USD 17060.41 million and the import value was USD 18086.60 million. Therefore, trade deficit value was occurred USD 1026.19 million.

The total trade value was USD 35147.01 million. In (2019-2020) financial year, the National Export Strategy (2020-2025) was developed to strengthen the competitiveness of the domestic export sector and to enable Myanmar's exports to compete in the international market. For food security, the flow of domestic goods has been made fast and smooth and consumer protection activities have also been implemented.

In (2019-2020) financial year, export value USD 17681.09 million and import value USD 19050.86 million. So that, trade balance is deficit in (2019-2020) financial year. Although (2020-2021) financial year, the export value was USD 15363.28 million. The import value was USD 14686.06 million. Trade balance value is surplus to USD 8950.55 million.

Five trade policies were established and implemented for the (2020-2021) financial year. These are (a) to be a trading system capable of sustainable development with inclusive innovation in accordance with the market economy system, (b) to expand and promote exports and develop trade activities using modern information and communication technology, (c) expanding trade not only with regional countries but also internationally, (d) to improve the business environment and carry out private sector capacity building, and (e) to regulate from a trade point of view to ensure the

supply of essential commodities for domestic consumption and manufacturing activities.

In 2021, the total trade value is USD 30049.34 million with the export value is USD 1536 million and the import value is USD 14686.06 million so that trade surplus is USD 676.22 million.

Regarding the trade surplus is to limit some imports that includes importation of automobiles has been suspended and the border stations have not yet been opened in China-Myanmar border trade and other neighboring countries due to COVID-19 pandemic.

Due to the effect of Covid 19, in 2020-21, both the value of exports and imports will decrease simultaneously, but the decrease in imports is greater than the decrease in exports, resulting in a Trade surplus.

#### **4.2 Changing Trade Patterns in Terms of Commodities in Myanmar**

Trade patterns are always changing according to the nature of trade: the differences in factor endowments, increasing or decreasing returns to scales, technological innovation and etc.

The study is focused on the changing trade patterns in terms of the change of major export commodities and the change of major import commodities which are selected as top ten commodities.

To analyze distinctively and alternatively, trade pattern changes, three financial years are selected whereas (2010-2011) financial year, 2015-2016 financial year and (2020-2021) financial year.

Regarding from Central Statistical Organization data, Myanmar's major exports are agricultural products, including rice, matpe beans, maize green mung beans and sesame seeds. The country is one of the top global exporters of beans and pulses, exporting more than one million tons worth USD 1Billion annually. Agricultural processing is one of the catalysts that this country can use to propel itself into the future.

Myanmar's export base remains dominated by raw resources, leaving it vulnerable to external shocks, Refined petroleum and vehicles comprise nearly one-quarter of total import receipts, pushing the government to direct recent trade policy

objectives towards bolstering value added, capital-intensive manufacturing and process to stimulate local industry.

Myanmar's main manufactured product exports are gas and garment. Its largest mineral export is jade and the country is one of the world's largest producers of high-quality, sought-after jadeite. Regarding from Central Statistical Organization data, the export of gas value is increased by year to year in the study period.

In the study three financial years, top ten export commodities are gas, precious stones and pearls, pulses, garment, teak, hardwood, fish, rice and rice products, raw rubber and prawn.

Within top ten commodities, the gas is first export commodities in (2010-2011) financial year amount to USD 2523 million and USD 4343 million in (2015-2016) financial year. In (2020-2021) financial year, the gas is second export commodities and the garment is first export commodities of Myanmar.

Precious stones and pearls are second export commodities in (2010-2011) financial year and fourth export commodities in (2015-2016) financial year. In (2020-2021) financial year, precious stones and pearls are not included in top ten export commodities of Myanmar because these commodities have not sold in the gem shows due to COVID-19 pandemic within this financial year.

Pulses are third export commodities in (2010-2011) financial year and it is increased to second position in (2015-2016) financial year but these commodities are decreased to third position in (2020-2021) financial year.

According to result of top ten export commodities of selected three financial year, the garment is fourth export commodities position in (2010-2011) financial year and this sector is increased to third position in (2015-2016) financial year.

In (2020-2021) financial year, the garment is first export commodities of Myanmar and total export value is USD 3447 million. Current period, the garment sector is highly growth in Myanmar trade volume.

Teak was the fifth export commodities position in (2010-2011) financial year to seventh export commodities position in (2015-2016). In (2020-2021) financial year, teak is not included in top ten export commodities of Myanmar because the government is prohibited to export of teak commodities.

And also, hardwood is six export commodities in (2010-2011) financial year but this commodity is not included in (2015-2016) financial year and (2020-2021) financial year.

Rice and rice products are eighth export commodities position in (2010-2011) financial year to sixth export commodities position in (2015-2016) financial year. This commodity is increased to fifth export commodities position in (2020-2021) financial year and the export value is USD 464 million because export expansion promotion and development of trade activities in Myanmar.

Raw rubber is ninth export commodities position in (2010-2011) financial year and (2015-2016) financial year. It is increased to six export commodities position in (2020-2021) financial year and this export value is USD 262 million.

Prawn is last export commodity of top ten export commodities in (2010-2011) financial year and (2015-2016) financial year. But this commodity is not included in (2020-2021) financial year.

The base metal ores are surprising export commodities and the export value is USD 762 million In the study of (2020-2021) financial year. This is contributed to about 60 percent in export earnings from these sector and export to China.



**Table (4.4) Top Ten Export by Commodities**

Rank	Commodity	2010-2011 (US\$ Million)	%	Commodity	2015-2016 (US\$ Million)	%	Commodity	2020-2021 (US\$ Million)	%
1	Gas	2523	28.5	Gas	4343	39.0	Garment	3447	22.4
2	Precious stones and pearls	2028	22.9	Pulses	990	8.9	Gas	3120	20.3
3	Pulses	800	9.0	Garment	857	7.7	Pulses	966	6.3
4	Garment	379	4.3	Precious stones and pearls	280	2.5	Base Metal Ores	762	5.0
5	Teak	307	3.5	Fish	128	1.1	Rice and rice products	464	3.0
6	Hardwood	287	3.2	Rice and rice products	102	0.9	Raw rubber	262	1.7
7	Fish	200	2.3	Teak	81	0.7	Fish	214	1.4
8	Rice and rice products	198	2.2	Other agriculture products	70	0.6	Other marine products	118	0.8
9	Raw rubber	154	1.7	Raw rubber	31	0.3	Other agriculture products	77	0.5
10	Prawn	65	0.7	Prawn	28	0.3	Maize	63	0.4
11	Others	1920	21.7	Others	4227	38.0	Others	5870	38.2

Source: Central Statistical Organization, 2022



Regarding from Central Statistical Organization data, major import commodities are refined mineral oil, machinery non-electric and transport equipment, base metals and manufactures, electrical machinery and apparatus, edible vegetable oils and other hydrogenated oils, fabrics of artificial and synthetic fabrics, pharmaceutical products, cement, paper, paperboard and rubber manufactures.

To analyze the trade pattern changes on three financial years such as (2010-2011) financial year, (2015-2016) financial year and (2020-2021) financial year.

Within top ten commodities, the refined mineral oil is first import commodities position in (2010-2011) financial year to third position in (2015-2016) financial year. Although, the refined mineral oils are reached to first position In (2020-2021) financial year and total import value is USD 2813.7 million.

Machinery non-electric and transport equipment is second import commodities in (2010-2011) financial year. These commodities are first position in (2015-2016) financial year because the government has allowed to import the various motor vehicle in Myanmar. In (2020-2021) financial year, these commodities are decreased to third position of top ten import commodities of Myanmar.

Base metals and manufactures commodities are third position in (2010-2011) financial year and it is increased to second position in (2015-2016) financial year but these commodities are not included in (2020-2021) financial year.

Electrical machinery and apparatus commodities are fourth export commodities position in (2010-2011) financial year and (2015-2016) financial year. These commodities are not included in top ten import commodities in (2020-2021) financial year.

Uniquely sugar is fifth import commodities position and total import value is USD 814.9 million in (2015-2016) financial year. And also, food is sixth import commodities position and total import value is USD 1145.6 million in (2020-2021) financial year. Pharmaceutical products and paper are always top ten import commodities of Myanmar.

Cement is eight position of top ten import commodities in (2010-2011) financial year and (2015-2016) financial year but this commodity is not included in (2020-2021) financial year.

The main imports are Refined mineral oil, Mineral fuels, lubricants and related materials and machinery non-electric and transport equipment. In (2010-2011) financial year, Top 10 import items were Animal and vegetable oils and fats, Miscellaneous manufactured articles, Paper, paperboard and manufactures.

However, sugar, chemical elements and compounds were involved in the top 10 import items in 2015-2016. In (2020-2021) financial year; chemicals, food, animal and vegetable oils and fats, and miscellaneous manufactured articles were also involved in the top 10 import items.

Moreover, Base metals and manufactures, sugar, fabrics of artificial and synthetic fabrics, and cement were excluded in the top 10 import items in 2020-2021 due to the restrictions on re- export commodities from trade partners. Below Table (4.5) shows top ten import commodities of Myanmar.

**Table (4.5) Top Ten Import by Commodities**

<b>Rank</b>	<b>Commodities</b>	<b>2010-2011 (US\$ Million)</b>	<b>%</b>	<b>Commodities</b>	<b>2015-2016 (US\$ Million)</b>	<b>%</b>	<b>Commodities</b>	<b>2020-2021 (US\$ Million)</b>	<b>%</b>
1	Refined mineral oil	1390.7	30.2	Machinery non-electric and transport equipment	4358.7	36.0	Refined mineral oil	2813.7	15.8
2	Machinery non-electric and transport equipment	1201.2	26.1	Base metals and manufactures	1642.5	13.6	Mineral fuels, lubricants and related materials	2533.6	14.3
3	Base metals and manufactures	552.9	12.0	Refined mineral oil	1457.7	12.0	Machinery non-electric and transport equipment	2494.4	14.0
4	Electrical machinery and apparatus	347.8	7.6	Electrical machinery and apparatus	1215.1	10.0	Manufactured goods chiefly by materials	2239.9	12.6
5	Fabrics of artificial and synthetic fabrics	207.5	4.5	Sugar	814.9	6.7	Chemicals	1663.8	9.4
6	Edible vegetable oils and other hydrogenated oils	202.4	4.4	Edible vegetable oils and other hydrogenated oils	549.2	4.5	Food	1145.6	6.4
7	Pharmaceutical products	180.9	3.9	Fabrics of artificial and synthetic fabrics	299.2	2.5	Animal and vegetable oils and fats	866.8	4.9
8	Cement	140.4	3.1	Cement	279.9	2.3	Miscellaneous manufactured articles	658.2	3.7
9	Paper, paperboard and manufactures	70.3	1.5	Pharmaceutical products	261.3	2.2	Pharmaceutical products	517.9	2.9
10	Rubber manufactures	61	1.3	Chemical elements and compounds	190.4	1.6	Paper, paperboard and manufactures	263.6	1.5
11	Others	247.1	5.4	Others	1039.4	8.6	Others	2577.7	14.5

Source: Central Statistical Organization, 2022



### **4.3 Changing Trade Patterns in terms of Countries in Myanmar**

In the study of (2010-2011) financial year, Myanmar is mainly direction of export to China, Thailand, Singapore, India, Japan, Korea Republic, Bangladesh, Hong Kong and Malaysia. During this financial year, Thailand is first direction of export by top ten export countries and total export value is USD 2905.18 million. But Thailand is second position in direction export country in (2015-2016) financial year and (2020-2021) financial year.

Hong Kong is second direction of export country and total export value is USD 1894.69 million in (2010-2011) financial year to seventh direction of export country in (2015-2016) financial year. In (2020-2021) financial year, Hong Kong is not included in top ten direction of export country in Myanmar.

China is third direction of export country in (2010-2011) financial year and total export value is USD1203.56 million. The next study of financial year (2015-2016) and (2020-2021), China is largest total export value of other countries in Myanmar. This country is stand at first export direction country in (2015-2016) financial year and (2020-2021) financial year.

India, Japan, Malaysia and Korea Republic are included in top ten direction of export countries in Myanmar study period of three financial years. Singapore is fifth direction of export country in (2010-2011) financial year to fourth position in (2015-2016) financial year but this country is not included in (2020-2021) financial year.

Bangladesh and Vietnam are only included in top ten direction of export by countries in (2010-2011) financial year. And also, Malaysia and Indonesia are only included in (2015-2016) financial year.

In (2020-2021) financial year, United States is fifth direction of export country with total export value USD 620.59 million, Germany is sixth direction of export country with total export value USD 426.25 million and United Kingdom is seventh direction of export country with total export value USD 385.40 million and Netherlands is eighth direction of export country with total export value USD366.18 million. Below Table (3.7) shows top ten direction of export countries of Myanmar.

According to the direction of export, China and Thailand are the most important exporting countries. In 2010-2011, Major exporting countries were mostly neighboring countries and ASEAN countries. Thailand was the largest exporting country (32.8%), followed by China, Hong Kong SAR (21.4%), and China People's Rep (13.6%). Moreover, some ASEAN countries such as Singapore (5.2%), Malaysia (4.9%), and Viet Nam (0.8%) were involved in the top 10 exporting countries. Some countries were new modern East Asia countries such as Japan (2.7%) and Korea Rep (1.7%).

In 2015-2016, China People's Rep was the largest exporting country (41.3%), followed by Thailand (26.0%) and India (8.1%). Other major exporting countries were Singapore (6.5%), Japan (3.5%), Korea Rep (2.3%), China Hong Kong SAR (2.5%), Malaysia (1.4%), Indonesia (1.3%). However, Germany Federal Rep was one of the top 10 exporting countries in this period.

In 2020-2021, China also was the largest exporting country. United States, Germany, the United Kingdom, and the Netherlands were involved in top 10 exporting countries.

It is found that Myanmar exports to China, India, Japan and some ASEAN countries, but she can't export to western countries a lot. Therefore, Myanmar should look for new export markets. The amount of trade has also grown, with EU-Myanmar trade volumes rising from USD 653 million in (2015-2016) to USD 1.4 billion in (2016-2017) financial year. The US government, meanwhile, lifted most of its remaining economic sanctions on Myanmar in September 2016, most of which targeted individuals and select companies.



**Table (4.6) Top Ten Direction of Export by Country**

<b>Rank</b>	<b>Country</b>	<b>2010-2011 (US\$ Million)</b>	<b>%</b>	<b>Country</b>	<b>2015-2016 (US\$ Million)</b>	<b>%</b>	<b>Country</b>	<b>2020-2021 (US\$ Million)</b>	<b>%</b>
1	Thailand	2905.18	32.8	China People's Rep	4596.96	41.3	China, People's Rep. of	5179.73	33.7
2	China, Hong Kong SAR	1894.69	21.4	Thailand	2893.18	26.0	Thailand	3287.58	21.4
3	China People's Rep	1203.56	13.6	India	904.16	8.1	Japan	944.20	6.1
4	India	871.59	9.8	Singapore	725.43	6.5	India	873.44	5.7
5	Singapore	456.99	5.2	Japan	393.75	3.5	United States	620.59	4.0
6	Malaysia	437.80	4.8	Korea Rep	259.94	2.3	Germany, Federal Rep. of	426.25	2.8
7	Japan	237.43	2.7	China, Hong Kong SAR	282.81	2.5	United Kingdom	385.40	2.5
8	Korea Rep	148.39	1.7	Malaysia	161.32	1.4	Netherlands	366.18	2.4
9	Bangladesh	125.03	1.4	Indonesia	139.84	1.3	Korea, Rep. of	305.76	2.0
10	Vietnam	67.03	0.8	Germany Federal Rep	85.04	0.8	Malaysia	241.58	1.6
11	Others	513.32	5.8	Others	694.45	6.3	Others	2732.57	17.8

Source: Central Statistical Organization, 202



Myanmar was mainly direction of import from China, Thailand, Singapore, India, Japan, Korea Republic, Indonesia, Malaysia and United States. In the study of three financial year; China is the largest import country of Myanmar; Singapore is second import country and Thailand is third import country of Myanmar among top ten import countries of Myanmar.

Korea Republic was fourth import country in (2010-2011) financial year with total import value USD 304.23 million to eighth position in (2015-2016) financial year with USD 396.6 million. Although, Korea Republic is increased to seventh import country of Myanmar in (2020-2021) financial year with USD 376.85 million.

Malaysia was eighth import country is (2010-2011) financial year with total import value USD 145.32 million increased to seventh position in (2015-2016) financial year with total import value USD 588.72 million and more increased to fifth position in (2020-2021) financial year with USD 787.35 million.

Vietnam was ninth import country of Myanmar in (2015-2016) financial year with USD 290.19 million increased to USD 365.58 million in (2020-2021) financial year. United State is last top ten import country of Myanmar in (2010-2011) financial year and (2020-2021) financial year. Below Table (4.7) shows top ten direction of import countries of Myanmar.

**Table (4.7) Top Ten Direction of Import by Country**

Rank	Country	2010-2011 (US\$ Million)	%	Country	2015-2016 (US\$ Million)		Country	2020-2021 (US\$ Million)	%
1	China People's Rep	2168.52	33.8	China People's Rep.	6395.55	38.58	China, People's Rep.	4646.22	31.6
2	Singapore	1645.32	25.7	Singapore	2970.9	17.92	Singapore	2604.92	17.7
3	Thailand	709.09	11.1	Thailand	1972.81	11.9	Thailand	1989.76	13.5
4	Korea Rep	304.23	4.7	Japan	1452.22	8.76	Indonesia	1164.51	7.9
5	Indonesia	275.49	4.3	India	807.35	4.87	Malaysia	787.35	5.4
6	Japan	256.35	4.0	Indonesia	601.96	3.63	India	586.95	4.0
7	India	195.46	3.0	Malaysia	588.72	3.55	Korea, Rep. of	376.85	2.6
8	Malaysia	145.32	2.3	Korea Rep	396.6	2.39	Vietnam	365.58	2.5
9	Australia	75.60	1.2	Vietnam	290.19	1.75	Japan	352.46	2.4
10	United States	59.47	0.9	United Arab	128.99	0.78	United States	227.32	1.5
11	Others	577.88	9.0	Others	972.65	5.87	Others	1584.14	10.8

Source: Central Statistical Organization, 2022



## **CHAPTER V**

### **CONCLUSION**

#### **5.1 Findings**

Trade is crucial to country development fueling economic growth, supporting jobs, raising living standards, providing higher foreign earnings and more opportunities to their people. Among the economic sectors in Myanmar, trade sector contributed to (20.3 %) in (2020-2021) financial year. Regarding the exports, exports of normal trade decreased from 87.4% in (2010-2011) financial year to 55% in (2020-2021) financial year. Exports of the border trade have steadily increased, reaching 45% in (2020-2021) financial year.

Therefore, border trade had become as important as normal trade in exports. Due to the ability to export from border trade check points to neighboring countries, there were benefits such as lower transportation costs, shorter delivery times, and less damage.

However, imports from normal trade channels accounted for over 80% of imports. Imports from the border trade were below 20%. Therefore, it is founded that the imported goods were less from border trade with neighboring countries and more are imported from the normal trade channel.

According to the trade balance, only positive trade balance in (2010-2011) financial year and negative trade balance in other years. However, there is a positive trade balance in 2020-2021 because the importation of some goods has been suspended and border check points have been closed temporally.

Regarding the top 10 export commodities, most of the exports are primary commodities, agricultural commodities and non-renewable resources. They include gas, precious stones and pearls, teak, hardwood, rice and rice products, and raw rubber. In the studied years, Garment was to the largest export item with 22.4% and gas exports accounted for 20.3% of the total export value in 2020-2021.

Regarding the top 10 import commodities, refined mineral oil is the largest or third largest imported commodity. In the studied years, the largest import was refined mineral oil that accounted for 15.8% in 2021, followed by mineral fuels, lubricants and related materials (14.3%), Machinery non-electric and transport equipment (14%). In the studies years, the import of machinery non-electric and transport equipment was 18.73%, 26.29% and 16.98% respectively. Pharmaceutical products that are essential for health are also important import commodities. Other imports are cement, edible vegetable oils and other hydrogenated oils, paper, paperboard and manufactures, fabrics and artificial and synthetic fabrics, electrical machinery and appliances, etc.

According to the direction of export, China and Thailand are the most important exporting countries. Among Southeast Asian countries, Thailand exported the most, accounting for 32.79%, 25.98% and 21.39% respectively. According to the direction of export, China and Thailand are the most important exporting countries. In Rest of Asia countries, China, People's Rep. 13.58%, 41.27% and 33.72% respectively. In Rest of Asia, exports to India, Hong Kong, Japan, Korea Rep. of countries are also high. However, in 2020-2021, exports to the United States, Germany, the United Kingdom, and the Netherlands increased.

According to the direction of import, China, Singapore and Thailand are the first, second and third most importing countries. In the studied years, China imported the most, accounting for 33.82%, 38.58%, and 31.64%, respectively. The second largest importing country was Singapore, accounting for 25.66%, 17.92%, and 17.74%, respectively. The third largest importing country is Thailand with 11.06%, 11.90% and 13.55% respectively. In addition, other importing countries are India, Indonesia, Malaysia, Japan, Korea and the United States.

## **5.2 Suggestions**

Myanmar's trade balance except in 2010-2011, 2011-2012 and 2020-2021, it is negative in the rest of the years. This means that the import value is higher than the export value. Most of the exports are primary products, so they are of low value. Most of the imports are manufactured goods and are of high value. Therefore, it is necessary to produce and export high-value products.

In addition, import substitution products should be produced to reduce imports. This will reduce foreign payments for imports. On the other hand, in order to balance trade, we should produce and export high-quality products to increase foreign exchange earnings.

In terms of exports, gas was the highest among the top 10 export commodities in 2010-2011 and it was the second highest (20.3%) in 2020-2021. In this year, garment was the most with (22.4%). As gas was a non-renewable resource, it is necessary to find new areas for further exploration.

Garment production through the CMP system will bring some profit to the country, and the government should encourage the establishment of large private factories that can export and sell garments. In order to increase the production of agricultural products such as rice and pulses, agricultural land should be expanded and new production methods should be used to increase yield.

Therefore, there is a need to diversify exports. It is necessary to be able to export value-added products. Domestically produced products should be manufactured to be exported as international level products with improved quality.

The government should try to export to other Asian countries and Western countries. In trying to enter the international market, it is important to improve product quality and produce international level products. The government must check to reduce imports from these countries as much as possible. Efforts should be made to strengthen the balance of trade by producing substitutes for imports.

The study suggested that the government should encourage the establishment of manufacturing hubs with private factories to generate more garment exports and explore new discoveries for the gas field. In order to reduce the trade deficit, the government should penetrate the international market and find new markets. Entrepreneurs should be encouraged and MSMEs should be supported to promote alternative imports and exports. If it were them, the country's economy would improve much more than today.



## REFERENCES

- Aghion, P. and P. Howitt (1998), *Endogenous Growth Theory*, Cambridge: Mass.: The MIT Press.
- Amiti, M. and J. Konings (2007), “Liberalization, Intermediate Inputs, and Productivity: Evidence from Indonesia, *The American Economic Review*, 97(5).
- Balassa, B., (1989), *The Importance of Trade for Developing Countries*, New Directions in the World Economy
- Blonigen, B.A and Wilson, W (2012), The growth and patterns of international trade, *Maritime Policy & Management* 40(7)
- Brambilla, I., Lederman, D., and Porto, G., (2012), Exports, Export Destinations, and Skill, *Journal of American Economic Review*, 102(7)
- Burton, H.J., (1998), A Reconsideration of Import Substitution, *Journal of Economic Literature*, 36(2)
- CSO (2020), *Myanmar Statistical Year Book 2020*, Central Statistical Organization, Ministry of Planning, Finance and Industry, Myanmar
- CSO (2019), *Myanmar Statistical Year Book 2020*, Central Statistical Organization, Ministry of Planning and Finance, Myanmar
- CSO (2018), *Myanmar Statistical Year Book 2020*, Central Statistical Organization, Ministry of Planning and Finance, Myanmar
- CSO (2016), *Myanmar Statistical Year Book 2020*, Central Statistical Organization, Ministry of Planning and Finance, Myanmar
- Dalum, B., K. Laursen and B. Verspagen (1999), "Does Specialization Matter for Growth?", *Industrial and Corporate Change*, Vol. 8, Oxford University Press
- Edwards, S., (1993), Openness, Trade Liberalization and Growth in Developing Countries, *Journal of Economic Literature*, Vol 31
- Emran, S. and J. Stiglitz, (2005), “On Selective Indirect Tax Reform in Developing Countries”, *Journal of Public Economics*, 89.

- Felbermayr, G., M. Larch and W. Lechthaler (2009), "Unemployment in an Interdependent World", *CESifo Working Paper, No 2788*.
- Hager, L.M., (1973), Commodity Agreements and the Developing Countries: - A Collective Bargaining Approach, *International Lawer 7(2)*
- Harrison, A. and A. Rodriguez-Clare (2009), "Trade, Foreign Investment, and Industrial Policy for Developing Countries", *Handbook of Trade Economics*
- Hausmann, R., J. Hwang and D. Rodrik (2007), "What You Export Matters", *Journal of Economic Growth, 12(25)*.
- Helpman, E., and O. Itskhoki (2010), "Labor Market Rigidities, Trade and Unemployment", *Review of Economic Studies, 77(3)*
- Julia Wörz, (2003), "Patterns of Trade Specialization and Economic Growth," *Research Reports 295*, The Vienna Institute for International Economic Studies
- Krugman, P. (1980), "Scale Economies, Product Differentiation, and the Pattern of Trade", *American Economic Review, American Economic Association, Vol. 70(5)*.
- Krugman, P. R., & Maurice, O. (2002). *International Economics: Theory and Policy*. Addison Wesley
- Nunn, N. and D. Trefler (2013), "Domestic Institutions as a Source of Comparative Advantage", *NBER Working Papers, No. 18851*, National Bureau of Economic Research
- OECD (2012), *Trade Policy Implications of Global Value Chains: Contribution to the Synthesis Report on Global Value Chains*, The Organization for Economic Cooperation and Development (31).
- Prokopenko, J. (2000) "Globalization, competitiveness and productivity strategies" *Enterprise and Management Development Working Paper - EMD/22/E*, January.
- Purva Yadav (2012), *India's Changing Trade Pattern in the Process of Globalization*, *Procedia-Social and Behavioral Sciences (37)*

- Wignaraja, G., (2011), *The People's Republic of China and India: Commercial Policies in the Giants*, ADB Working Paper Series on Regional Economic Integration, Asia Development Bank
- Wonnacott, P., (2019), *The United States and Canada: The Quest for Free Trade and others*, Middlebury College, Vermont.
- Woong, K and Heiduk, G (2005), *WTO and World Trade: Challenges in a New Era*. Heidelberg, Physica-Verlag,
- Salvatore, D. (2014). *International Economics: Trade and Finance*. John Wiley @ Sons Singapore Pte. Ltd.
- Srinivansan, T. N (1999), *Trade Orientation, Trade Liberalization, and Economic Growth*. In G. R. Saxonhouse, & T. N. Srinivasan (Eds.), *Development, Duality, and the International Economic Regime*. Ann Arbor, MN: The University of Michigan Press.
- Surugiu, M.R., (2015), *International Trade, Globalization and Economic Interdependence between European Countries: Implications for Businesses and Marketing Framework*, *Procedia Economics and Finance* (32)
- Teall, J., (2018), *Financial Trading and Investing*, 2<sup>nd</sup> Edition, Academic Press, Elsevier
- Than Tun Soe (2018), *Trade Pattern Changes in Myanmar (1989-2016)*, Unpublished MDevS Thesis, Department of Economics, Yangon University of Economics
- Thein, M (2004), *Economic Development of Myanmar*, Institute of Southeast Asian Studies, Singapore

### **Websites**

<https://www.commerce.gov.mm>

<https://www.customs.gov.mm/>

<https://www.csostat.gov.mm/Publication>

<http://www.jteall.com>