

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

**ECONOMIC RELATIONS BETWEEN MYANMAR AND
RUSSIAN FEDERATION
(2016-2021)**

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MPA – 2 (20th BATCH)**

MARCH, 2023

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**ECONOMIC RELATIONS BETWEEN MYANMAR AND
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(2016-2021)**

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

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This is to certify that this thesis entitled “**Economic Relations between Myanmar and Russian Federation**”, submitted in partial fulfilment towards the requirements for the degree of Master of Public Administration (MPA) has been accepted by the Board of Examiners.

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ABSTRACT

The study aims to examine the existing economic ties between Myanmar and the Russian Federation. Russia has historically maintained close relations with Myanmar and has been a major supplier of military hardware to the country. Regarding trade, Myanmar is an essential partner for Russia in Southeast Asia. Russia has been actively exploring opportunities to increase its exports to Myanmar, mainly in the areas of energy, arms and military equipment, and infrastructure development. Regarding aid, Russia has been providing humanitarian assistance to Myanmar for several years. However, the amount of aid is relatively small compared to other countries like China and Japan. Given the current political situation in Myanmar, there might be an increase in demand for humanitarian aid. In that case, Russia could step up its efforts to provide more aid to Myanmar. Lastly, regarding investment, Russia has been eyeing opportunities in Myanmar's oil and gas sector. If Russia sees an opportunity to invest in the country's energy sector and gain a strategic foothold in Southeast Asia, it might consider increasing its investment in Myanmar. While it's challenging to predict Russia's exact actions regarding trade, aid, and investment in Myanmar, it's safe to say that Russia is unlikely to take any significant action against Myanmar. Instead, it will continue to strengthen its economic ties with the country while providing humanitarian aid and exploring investment opportunities.

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LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
USSR	Union of Soviet Socialist Republics
FTA	Free Trade Agreement
MoU	Memorandum of Understanding
SEA	Southeast Asia
WWII	World War Two
SPIEF	St. Petersburg International Economic Forum
SAC	State Administration Council
WTO	World Trade Organization
UMFCCI	The Union of Myanmar Federation of Chambers of Commerce and Industry
BIMTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.
EAEU	The Eurasian Economic Union
MOGE	Myanmar Oil and Gas Enterprise

CHAPTER I

INTRODUCTION

1.1 Rationale of the Study

In 1996, Russia was welcomed as a dialogue partner of ASEAN. Myanmar and Russia have maintained diplomatic relations for over 75 years, which are progressing positively. This bilateral relationship has created opportunities for Russia to expand its investments in Myanmar, particularly in the energy and agricultural sectors. Russia has emerged as a significant supplier of these products to Myanmar in 2022. There is immense potential for trade diversification between Russia and ASEAN countries like Myanmar. To explore this potential, this study will analyze Myanmar's export industries, which are crucial to enhancing Russia-Myanmar cooperation.

Since World War II, Russia has been consistently expanding its trade relations with Asian countries, including Myanmar, which has become a crucial strategic partner in the region. Russia's efforts to foster a relationship with Myanmar's military over the past two decades have been significant, but the extension of this partnership is contingent upon the military regime maintaining power and the establishment of civilian rule, which would ensure Russia's presence. The transitional period of politics in Myanmar presents an opportunity for Russia to increase its influence in Southeast Asia. Additionally, Russia's relationship with China is advantageous for promoting stability and regional security, as these great powers can complement each other rather than compete due to their respective strengths. China has a strategic advantage in economic development, while Russia's strength lies in the military-political field.

Myanmar captured the attention of Soviet foreign politicians in the past. However, in the 1980s, Myanmar's interest in Russia increased, leading to a change in the situation. Despite facing international sanctions during the 1980s and 1990s, Russia provided Myanmar with military assistance and education for almost two thousand officers and students in different areas, including nuclear science. It appears that Myanmar plays a limited part in Russia's economic strategy.

1.2 Objectives of the Study

The study aims to examine the existing economic ties between Myanmar and the Russian Federation. It seeks to find the nature of Russia's assistance to Myanmar, as well as the trade and investment conditions of both nations. Additionally, the study aims to raise export opportunities for Myanmar's local business community worldwide.

1.3 Method of the Study

This study uses a descriptive method that relies on secondary data obtained from various Government Ministries, including the Ministry of Foreign Affairs and Ministry of Commerce, as well as information from libraries, UN Comtrade's website, and other sources.

1.4 Scope and Limitations of the Study

The main objective of the study is to examine the economic relations between Myanmar and the Russian Federation from 2016-2021. It is consisting of trade, investment and Russia's aids. The study also considers the other aspects of their bilateral relationship such as diplomatic, political, economic, and cultural ties.

1.5 Organization of the Study

The thesis comprises of five chapters. The first chapter introduces the research by discussing its rationale, objectives, scope, limitations, and organization. The second chapter presents a literature review on Economic relations, Bilateral trade, Foreign Direct Investment and Foreign Aids. Chapter 3 provides a historical background of Myanmar and Russia. Chapter 4 focuses on Economic Relations between the two countries. Lastly, Chapter 5 concludes the study by discussing the findings and recommendations.

CHAPTER II

LIERATURE REVIEW

2.1 The Nature of Economic Relations

Economic relations are essentially economic interactions between two countries covering areas such as trade, investment, and aid. These interactions could be in the form of trade in goods and services, investments, financial transactions, and other economic activities. The nature of these interactions can be influenced by a range of factors, including political ties, cultural similarities, and economic complementarities between the countries. When these interactions lead to increased trade and investment, both countries can experience benefits such as economic growth, job creation, and increased prosperity. However, disagreements over trade policies and political tensions can lead to conflicts and tensions between the countries involved (Taneja, 2020).

Bilateral economic relations are crucial for the growth and progress of an economy. They offer numerous benefits including cost advantages, economies of scale, and employment opportunities. Developed nations can benefit from these relations as they can expand their reach to various markets and receive economic aid and loans for development projects. Bilateral trade is a key component of such relations and can reduce the cost of production for goods and services that are not economically viable in a particular country. Many countries have signed bilateral trade agreements to facilitate trade. Foreign direct investments have also proven to be advantageous for developing nations. Some countries adopt liberalization policies to attract foreign direct investments, which can also help them obtain loans and economic aid during times of need (Taneja, 2020).

When it comes to bilateral economic relations, trade, investment, and aid are all crucial components that must be carefully managed and balanced. Let's take a closer look at what each of these areas entails:

1. Trade: Bilateral trade refers to the exchange of goods and services between two countries. This can include everything from raw materials and finished products to intellectual property and technology transfers. In order to promote trade between two

countries, a number of factors must be considered, including tariffs, regulations, and market access. By reducing barriers to trade, countries can increase their economic interdependence and create new opportunities for growth (Myerson & Satterthwaite, 1983).

In today's world, most economies operate as open economies. This means that they engage in the exchange of goods and services with other countries, as well as borrowing and lending in the global financial markets. For a nation's growth, international trade plays a significant role, and the degree of openness determines the extent of its participation. If a nation is less open, it may isolate itself from most other nations and miss out on potential benefits. A nation can successfully expand its exports by producing and selling industrial products that are in demand in the global market. This requires changes in the nation's economic structure, where the share of agriculture declines and the industry and services sectors increase as economic development is achieved. Such changes lead to the promotion of exports of products required in the world market. As a result, the increase in national income from expanding exports leads to a rise in gross domestic savings and investment, which can help improve the economic infrastructure and establish export-oriented industries. Therefore, the expansion of external trade and economic development are independent. By proportionately expanding its exports and imports, a nation can realize economic gains and growth momentum (Arif et al., 2020).

Different nations produce a variety of goods and services based on their available resources, technology, and consumer preferences. Specialization leads to trade between countries, allowing them to focus on producing items that they are less efficient in making. This results in benefits for all economies involved as they can access products that they cannot produce, utilize imported goods more than domestically produced ones, and have access to a wider range of quality products. As a result, countries are interdependent on each other (Williamson, 2007).

Adam Smith proposed that trade is founded on the principle of Absolute Advantage, where two countries can benefit from trade based on the assumption of two-nations, two-commodity worlds. The theory suggests that when each nation specializes in producing the commodity of its absolute advantage and trades part of its output for the commodity of its absolute disadvantage, both nations end up consuming more of both commodities. Nonetheless, this theory only accounts for a fraction of the overall picture (Team, 2023).

The Law of Comparative Advantage was first proposed by David Ricardo in 1817. According to this law, even if one nation is less efficient than another in the production of two commodities, there is still room for mutually beneficial trade. The less efficient nation should focus on producing and exporting the commodity in which it has a smaller absolute disadvantage (Britannica Money, n.d.).

In the realm of international trade, there exist several essential classical theories. One such theory is the comparative advantage theory, as elucidated by Gottfried Haberler in 1936. This theory is founded on the idea of opportunity cost, which states that the cost of a commodity is equal to its relative price, as indicated by the slope of the production possibility frontier. In the absence of trade, a nation's production possibility frontier is also its consumption frontier. However, with the introduction of trade, each nation can specialize in producing the commodity of its comparative advantage and exchange a portion of its output with the other nation for the commodity of its comparative disadvantage. Through such an arrangement, both nations can consume more of both commodities than they could without trade (Ebeling, 2000).

During the seventeenth and eighteenth centuries, the mercantilists believed that the key to a nation's wealth and power lay in exporting more than it imported. Studies have shown that trade between nations is crucial and that countries adhere to the law of specialization and exchange of goods and services. Since the first industrial revolution, economic interdependence between nations has been on the rise. This is clear from the fact that world trade has grown at a faster pace than world production. In fact, international trade has grown exponentially since the twentieth century (Kenton, 2022).

2. Investment: Bilateral investment involves the transfer of capital from one country to another to establish or expand a business. This can take the form of foreign direct investment (FDI), where a company establishes a physical presence in another country, or portfolio investment, where investors purchase stocks or bonds in foreign companies. Investment can be a powerful tool for economic development, as it can bring in new technologies, create jobs, and spur innovation (Elkins et al., 2006).

3. Aid: Bilateral aid refers to the transfer of resources from one country to another to support development and poverty reduction efforts. This can take the form of grants, loans, technical assistance, or humanitarian aid. Aid can be a powerful tool for promoting economic growth and reducing inequality, as it can provide critical resources for education, healthcare, infrastructure, and other key areas (Mckinlay & Little, 1977).

Overall, international economic relations and bilateral economic relations play a crucial role in fostering economic growth and development. However, they are subject to various factors that need to be considered to ensure that they are advantageous to all parties involved.

2.2 The Role of Bilateral Trade in Economic Growth and Development

Bilateral trade or clearing trade refers to the exchange of goods between two nations, which takes place without the use of hard currency. This type of trade is often established to balance trade deficits by maintaining a clearing account where deficits can be accumulated. The Soviet Union conducted bilateral trade with India and Finland, where private capitalists negotiated deals on one side and the Soviet side nationalized the trade.

According to economists, trade plays a crucial role in a nation's economic growth and development. This was evident during the industrial revolution in the 18th century, when sophisticated production methods led to a significant increase in agricultural and industrial production. As a result, countries were able to generate more exportable surplus, which led to the growth of international trade. This, in turn, contributed to an increase in global production.

Changes in factor endowments or technological improvements can lead to an increase in production, which has a significant impact on a nation's production frontier. These changes, in conjunction with shifts in consumer preferences, can also affect a nation's volume, and terms of trade, as well as the benefits derived from trade. The volume of trade is dependent on the growth rates of the nation's exportable and importable goods, as well as the consumption patterns of the nation. If the output of an exportable commodity grows at a faster rate than that of an importable commodity, production will expand. If a country consumes more of its imported product than its exported product, consumption is increased. The growth of trade depends on the net outcome of the production and consumption effects. When production and consumption are both increased, the volume of trade grows faster than output. However, if both production and consumption decrease, the volume of trade may decline. Different types and rates of factors of growth and technical progress can lead to growth. Consequently, the nation's welfare can be affected by the state of production and consumption, whether it is increased, decreased, or neutral.

2.2.1 Trade Balance and Capital Flows

International interactions play a crucial role in the economy, which can be demonstrated by examining imports and exports as a percentage of GDP. An open economy engages in both selling and purchasing goods and services from foreign countries. As a result, the expenditures on the output of an open economy are distributed among four components: consumption, investment, government purchases, and net exports. The income identity of an open economy can be determined through trade, which refers to the exchange of goods, services, or capital between countries or regions. The trade balance, also known as the balance of trade, is the difference between a country's imports and exports over a specific period.

When a country exports more goods and services than it imports, it experiences a trade surplus. This implies that the country is earning more foreign currency than it is spending. Conversely, a trade deficit occurs when a country imports more than it exports, which means it is spending more foreign currency than it is earning. A country's balance of trade is a vital economic indicator that can affect its currency exchange rates. A trade surplus can strengthen a country's currency, while a trade deficit can weaken it. Governments may take steps to enhance their balance of trade, such as encouraging exports or restricting imports through tariffs or other trade barriers.

Trade balance refers to the difference between a country's exports and imports of goods and services. If a country exports more than it imports, it has a trade surplus. Conversely, if a country imports more than it exports, it has a trade deficit. Capital flows refer to the movement of money and investments across borders. Capital flows can take various forms, including foreign direct investment, portfolio investment, and loans. Capital flows can be both inward and outward, with inward flows representing foreign investment into a country and outward flows representing domestic investment in foreign countries. The trade balance and capital flows are related because a country's trade balance can affect the level and direction of capital flows. For example, if a country has a trade surplus, it means that it is exporting more than it is importing, which leads to a net inflow of foreign currency. Foreign currency coming into a country can be used to invest in it, leading to an increase in capital flows. Conversely, when a country imports more than it exports, it results in a net outflow of foreign currency, leading to a decrease in capital flows. The concepts of trade balance and capital flows are closely connected in international economics, as a country's trade balance has an impact on the level and direction of its capital flows (Feldstein, 2007).

2.3 Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) is a type of investment where a company or individual from one country makes an investment in a company or business located in another country. This type of investment is different from other types of investments because the investor has control and ownership over the foreign company, rather than simply investing in stocks or bonds. FDI can take many different forms, including setting up a subsidiary or branch office, acquiring an existing business, or investing in a joint venture with a local company. The purpose of FDI is typically to gain access to new markets, resources, and technologies, or to lower production costs. When a company or individual makes an FDI, they become a direct investor in the foreign company. This means that they have a significant degree of control over the operations of the business, including management decisions and strategic planning. The level of control varies depending on the size and nature of the investment. FDI can have both positive and negative effects on the host country. On the positive side, it can bring in new capital, technology, and expertise that can help boost economic growth and create jobs. It can also increase competition and productivity in local markets. However, there are also potential downsides to FDI. For example, foreign investors may prioritize their own interests over those of the host country, leading to issues such as exploitation of natural resources or labor.

Additionally, FDI can lead to increased dependence on foreign investors and decreased control over key industries. To attract FDI, countries often offer incentives such as tax breaks or streamlined regulations. However, it is important for host countries to carefully consider the potential risks and benefits of FDI before making decisions about how to attract and regulate foreign investment. Overall, FDI is a complex topic with many different factors to consider (Contractor et al., 2020).

Foreign Direct Investment (FDI) is a term used to describe the investment made by a foreign entity in the domestic market of another country. It can be in the form of acquiring a company, building a new plant, or expanding an existing one. FDI can have both advantages and disadvantages for the host country and the investing company. Let's explore them in detail.

Advantages of Foreign Direct Investment: **Increased Employment Opportunities:** FDI brings new technology, knowledge, and expertise that can lead to increased production and job creation. This can help reduce unemployment rates and boost the economy. **Economic Growth:** FDI can help in increasing the production

capacity of the host country, which can lead to an increase in exports. This, in turn, can improve the country's balance of payments and contribute to economic growth.

Technological Advancement: FDI can bring new technologies and processes that can improve the efficiency of the host country's manufacturing and service sectors.

Increased Competition: FDI can also increase competition in the local market, which can lead to better quality products and services at lower prices for consumers.

Disadvantages of Foreign Direct Investment: **Dependence on Foreign Investors:** FDI can make a host country dependent on foreign investors for financing, technology, and expertise. This can lead to a loss of control over the domestic market.

Exploitation of Resources: Foreign investors may exploit the natural resources of the host country without giving back to the local community. This can lead to environmental degradation and social inequality.

Transfer of Profits: Foreign investors may transfer profits earned in the host country to their home country without reinvesting in the local economy. This can lead to capital flight and a drain on the host country's resources.

Political Risk: FDI can also expose the host country to political risk, such as changes in government policies or regulations that could negatively affect the investment.

2.4 Foreign Aids in Developing Countries

Foreign aid is the transfer of money, services, or goods from one country to another for the benefit of the receiving country or its citizens. It can be in the form of fiscal, military, or humanitarian aid and is considered a significant source of foreign exchange. Typically, developed countries provide foreign aid to developing countries with weak manufacturing bases and low HDI values (Papanek, 1973). Foreign aid can be given as a contribution or a loan, with loans being either hard or soft. The process may also entail receiving guidance and education from experts or obtaining goods or monetary funds. The monetary support can be in the form of favorable loans or financial aid, such as trade credits. Official Development Assistance (ODA) is a widely used type of foreign aid that aims to support development and combat poverty. It is mainly funded through bilateral grants between countries, although some funding comes in the form of loans and is often administered by non-governmental and foreign organizations. Countries also provide foreign aid to enhance their own security. Economic aid has multiple uses, including discouraging friendly countries from falling under the influence of hostile governments or paying for military bases on foreign soil. It can also

help governments achieve political goals, such as gaining diplomatic recognition, enhancing their international reputation, or increasing the accessibility of their diplomats to foreign countries. Additionally, foreign aid can be used to promote a country's exports and spread its literature, culture, or religion. Countries usually provide aid to support those affected by natural or human-made disasters, including droughts, illnesses, and conflicts. It can contribute to sustainable development. Create or strengthen political institutions, and address global issues like cancer, terrorism, and environmental degradation (Papanek, 1973).

Foreign direct aid is a form of assistance provided by one country to another in the form of financial or technical support to boost economic development. This aid can come in various forms, including grants, loans, and technical assistance. The primary aim of foreign direct aid is to help developing countries improve their infrastructure, economy, and social welfare (Dave, 2020).

Foreign indirect aid is a form of assistance that is given to a country through intermediaries, such as non-governmental organizations (NGOs) and international organizations like the United Nations (UN) or World Bank. This type of aid is provided to help countries overcome economic, social, or political challenges that they may face. It can take many forms, including financial assistance, technical support, training programs, and capacity building initiatives. NGOs and other intermediaries play a crucial role in ensuring that the aid is delivered effectively and efficiently to the intended recipients (Dave, 2020).

2.4.1 Types of Foreign Aid

Foreign aid can be defined as assistance provided by developed countries to developing countries in the form of financial aid, technical assistance, and other forms of support. The main objective of foreign aid is to help developing countries achieve economic and social development while reducing poverty. There are several types of foreign aid, including humanitarian aid, technical assistance, project aid, program aid, and budget support. Humanitarian aid is usually provided in response to natural disasters or emergencies, such as earthquakes or floods. Technical assistance is aimed at improving the capacity of developing countries to manage their own affairs and promote economic growth. Project aid is used to support specific projects, such as building schools or hospitals, while program aid is aimed at supporting specific sectors, such as education or health. Budget support is aimed at helping developing countries

finance their budgets. Foreign aid can be an important source of financing for developing countries, especially those with limited resources. It can help them finance infrastructure projects, such as roads, bridges, and power plants. It can also be used to finance social programs, such as education and health care (Lundsgaarde, 2013).

Additionally, foreign aid can help countries improve their governance systems, reduce corruption, and promote human rights. However, there are also some criticisms of foreign aid. Some argue that it can create dependency on foreign countries and discourage governments from pursuing policies that promote economic growth. Others argue that it can be misused or siphoned off by corrupt officials.

There are five types of foreign aid such as tied aid, bilateral aid, multilateral aid, military aid and project aid. Tied aid is a type of foreign aid that must be invested in a country that is providing support or in a group of chosen countries. A developed country can offer a bilateral loan or grant to a developing nation but will be required by the government to invest the money on goods and services produced in that country (Trinidad, 2022). Bilateral aid is given directly by one country's government to that of another country's government. It occurs when money flows from a country with a developed economy to a country with a developing economy. Bilateral aid is directed by strategic, political, and humanitarian interests. This is meant to further foster democracy, economic growth, peace, and sustainability of long-term programs (Trinidad, 2022). Multilateral Aid is the support offered by several countries that share funds to foreign organizations such as the United Nations, the World Bank, and the International Monetary Fund (IMF). The funds are used to relieve hunger in developing nations. While the sector represents a minority of financial aid of the U.S., the donations provided by the country make up a large proportion of the donor funds obtained by the organizations. Military aid typically allows the recipient country either to procure weapons or security contracts directly from the U.S. In other situations, it actually simplifies the mechanism by enabling the federal government to buy weapons on its own and ship them to military transport. As Project Aid, when funds are utilized to support a specific project like a hospital or school, the aid provided is commonly referred to as project assistance. (Trinidad, 2022).

2.5 Review on Previous Studies

Several studies have examined the economic relations such as trade and investment connection of Myanmar with other nations and foreign aids.

Tin Tin Myat's (2010) research explored the trade and investment relations between Myanmar and South Korea from 1998 to 2008. South Korean entrepreneurs have been investing in Myanmar since 1990, and South Korea has been aiding Myanmar's economic progress since 1991. Official data reveals that in 2008, bilateral trade between Myanmar and South Korea was worth 261.27 million USD, with Myanmar importing 180.7 million USD worth of goods from South Korea and exporting 80.7 million USD worth of goods to South Korea. Trade between Myanmar and South Korea is on the rise, but there is still more potential to be uncovered. Myanmar holds significant geographic and economic importance for South Korea, while Myanmar requires economic aid and foreign direct investment to boost its economy. Closer economic cooperation between the two countries could lead to mutual benefits. Establishing a long-term economic partnership between South Korea and Myanmar can bring strategic and economic benefits to both nations.

In 2013, Tha Ya Phe Ko conducted a study on the trade relations between Myanmar and India from 2000 to 2012. The trade between these two countries heavily relies on their common border along the Pokkai Hills, which spans 1643 kilometers. Myanmar has a strong incentive to trade with India due to its large market, but it only dominates a small proportion of it compared to India's import market. Myanmar exports around 9% to 11% of its total exports to India, while it imports just above 3% of its total imports from India. This suggests that Myanmar has a larger volume of exports to India. For trade between these two countries to be more effective, it is crucial to construct wholesale centers and goods warehouses along the Myanmar-India trade route, upgrade the roads and bridges, and ensure a smooth flow of goods and services.

Htike Htike Thu (2013) conducted a study on the economic relationship between Myanmar and Thailand from 2000 to 2011. The study found that Myanmar had a trade surplus with Thailand and a favorable overall trading position, with exports exceeding imports. However, Myanmar's degree of openness in international trade was relatively low due to its low share of exports and imports in GDP. Most of Myanmar's exports were raw materials and natural resources, with timber being the most exported item to Thailand among Southeast Asian countries. Myanmar used to export all its

natural gas to Thailand until 2009. Thailand is Myanmar's second-largest import partner, resulting in Myanmar having a trade surplus with Thailand and in the border.

The situation in Myanmar has presented Russia with a chance to increase its involvement in Southeast Asia. Its stance on resolving Myanmar's crisis coincides with that of ASEAN, and Russia intends to back and assist ASEAN's mediation attempts when needed. If this strategy proves unsuccessful, Russia may provide its own expertise to the military regime. The idea of a 'Sino-Russian rivalry' is a western perception. Asian nations, including Russia to a degree, generally prefer to evade conflict and zero-sum results whenever feasible, opting instead to pursue harmony and maintain their relationships even if it occasionally necessitates curbing their aspirations. China primarily extends its influence through economic channels, whereas Russia's forte resides in the military-political domain (Peace Nexus, 2022).

CHAPTER III

HISTORICAL BACKGROUNDS OF MYANMAR AND RUSSIA

Russia and Myanmar have a long-standing history of diplomatic relations. Myanmar has been actively seeking to diversify its economic partners in recent years, and Russia has been keen to expand its presence in Southeast Asia. This has led to some new agreements between the two countries, particularly in the areas of energy and defense. In 2016, Russian state-owned enterprise Rosneft signed a deal with Myanmar's state-owned Myanmar Oil and Gas Enterprise (MOGE) to explore and produce oil and gas in offshore blocks in the Bay of Bengal. This was a significant move for Russia, which has been looking to expand its energy interests beyond its traditional markets in Europe. In addition to energy, Russia has also been looking to sell arms to Myanmar. In 2016, the two countries signed a military cooperation agreement that included the sale of Russian weapons to the Myanmar military. This has been a controversial move, as Myanmar has been accused of human rights abuses against ethnic minorities. While economic cooperation between Russia and Myanmar remains limited, there are signs that this could change in the future. The two countries have shown a willingness to work together in certain areas, particularly those related to energy and defense. As Myanmar continues to open to the world, Russia will seek to expand its economic ties with the country (Tass, 2016).

When it comes to economic policy between Russia and Myanmar, there are certainly several options to consider. However, before diving into potential strategies, it's important to note that currently there is no known official economic relationship between these two nations. So, any proposed policies would have to be explored and negotiated from scratch. One possible approach could be for Russia to invest in Myanmar's emerging industries, such as its telecommunications and energy sectors. By providing funding and expertise, Russia could help these industries grow and develop, thereby creating jobs and stimulating economic growth. Another option might be for the two countries to collaborate on trade deals. This could involve negotiating favorable

terms for the import and export of goods between the two nations, as well as exploring the possibility of establishing free trade zones.

3.1 Russia's Interests in Southeast Asia

The Western countries have distanced themselves from Russia in recent times, and as a result, they have been exploring opportunities to benefit from the growing anti-American sentiment in the East. Vietnam and Myanmar are currently the most prominent allies, and the relationship with Cambodia is also strengthening. The Russian government has recognized the importance of engaging with Asian countries, and President Putin emphasized this priority in his Krasnoyarsk speech back in 2001.

In 1998, Russia's decision to join the Asia-Pacific Economic Cooperation (APEC) under President Yeltsin indicated a shift towards the East. The APEC summit held in Vladivostok in 2012 was a significant demonstration of this intention. Russia aims to enhance its political and economic relations with the Asia Pacific and Southeast Asia at a level similar to that with Europe, which is crucial for the development and security of Russia's Far East. Although this goal is yet to be accomplished, Russia's relationship with China has considerably improved and remains its most valuable asset in Asia. Russia's strategic interests in Southeast Asia are twofold: first, to benefit from regional economic integration and second, to promote peace and stability in the region.

Russia has placed a greater emphasis on economic considerations compared to the Soviet Union, even though they share the same strategic priorities. The USSR made efforts to promote its peace and security initiatives, but SEA countries did not support them until Mikhail Gorbachev assumed power and took concrete measures, such as normalizing relations with China, withdrawing Soviet troops from Mongolia, and assisting in resolving the conflict in Cambodia. Russia has an advantage in being a leading player in the arms trade. It has old allies like Vietnam and Laos, as well as new clients like Malaysia and Thailand, to whom it sells weapons.

Russia's ability to access its own arms market is crucial for avoiding excessive reliance on the West. This is because the West is viewed as unstable and may impose bans on arms sales based on domestic policy. Russia has strong ties with Southeast Asian militaries, and while the arms trade is a key factor in these relationships, it is not the only one. Intelligence sharing, anti-terrorism efforts, and a shared perspective on regional security are also important.

Russia is recognized for its efficient handling of emergencies and natural disasters, which is highly valued. Energy cooperation is another area of interest. However, unlike in the past, when economic aid was provided free of charge, Russia now has a profit motive and does not offer free assistance. In Myanmar and Southeast Asia, Russia's policies reflect this approach. Most of Russia's energy exports are focused on long-term contracts with reliable and wealthy customers in Northeast Asia, such as China, Japan, and South Korea. Its role in the SEA energy market is limited. Nevertheless, energy cooperation in oil production and hydropower is the most rapidly developing sector in Russia's economic ties with Vietnam. Rosatom is also actively seeking nuclear power agreements, such as those with Myanmar.

However, caution is necessary due to the Fukushima disaster, and Russia is wary of constructing nuclear reactors in seismically active areas. Exports of Russian wheat and vegetable oil are the only minor trade relations. The Soviet Union had made significant investments in educating and teaching Russian to cadres from the region. However, these aspects of Russia's 'soft power' have declined as the demand for English has grown. The Ministry of Culture of Russia has done little to promote Russian culture, and alumni from Soviet universities receive very little attention. Meanwhile, tourism from Russia is becoming a growing source of income, and more and more Russian citizens are settling and setting up businesses in SEA.

Myanmar doesn't attract a lot of Russian tourists. However, Russia is keen on promoting tourism and has talked about introducing a visa-free system and direct flights between the two countries. In the past, the Soviet era viewed ASEAN with hostility. But with the addition of Vietnam and other former Soviet allies, Russia has become more friendly towards ASEAN, with Vietnam being the biggest advocate of Russia's interests. Moscow appreciates ASEAN's impartiality and agrees with its fundamental principles of multipolarity, sovereignty, and non-interference in internal matters.

Russia views ASEAN as a key player in maintaining peace and security in the region. In the 2016 Russia-ASEAN summit, President Putin emphasized the importance of regional security and economic potential as priorities for Russia's partnership with ASEAN. Despite considering ASEAN as a slow decision-maker, Moscow recognizes its significance and is wary of the US strengthening bilateral relations with key SEA states to weaken regional unity. While economic progress may be sluggish, Russian cybersecurity technology presents a promising area of cooperation, with Kaspersky software well-represented in ASEAN countries. The importance of ASEAN to Russia

is increasing, and it is believed that some of the ambitious plans from the 1990s need to be realized to project Russia's influence in the region (Tsvetov, 2016).

3.1.1 Russia's Potential Diplomatic Influence in Southeast Asia Amid the Crisis in Myanmar

Myanmar presents a promising opportunity for Russia to enhance its diplomatic influence in Southeast Asia. The current crisis provides Russia with a chance to collaborate with ASEAN on matters of regional security. Moscow has already established mutual ground with Thailand and the Philippines on the Myanmar issue, both of which have traditionally been influenced by the US. Moreover, Russia's stance on Myanmar also presents other ASEAN members with an alternative to US diplomacy in the region. In case of any domestic issues, Russia is willing to collaborate with them without lecturing them on human rights and democratic norms, which the Biden administration is currently emphasizing. There is a mixed response to the Russian military's cooperation with authorities in Myanmar, not just within the country but also among other Southeast Asian nations.

However, objectively speaking, this cooperation aligns with Myanmar's national interests and regional security requirements. As a result, it is possible that Russia and ASEAN will eventually find common ground in stabilizing the situation in Myanmar. This would indicate a strengthening of Russia's position in the country and the region. Initially, ASEAN had a mixed response to the crisis in Myanmar, with some members hoping for a return to democracy and others willing to tolerate military rule. The organization has refrained from strongly condemning the coup and its aftermath, believing that doing so would push Myanmar closer to China and give it more influence.

Russia has expressed its support for ASEAN's approach and the appointment of the Special Envoy on Myanmar. Russia's Foreign Minister, Sergei Lavrov, has stated that they fully endorse the ASEAN Five-Point Consensus which aligns with Russia's position. This involves the cessation of violence, moderation and restraint from all parties, and the opening of a dialogue to stabilize the situation and bring about civil peace. Russia also appreciates the communication that has been maintained with the Myanmar military within the ASEAN framework. Furthermore, both Russia and ASEAN stand against the policy of unilateral sanctions, threats, and interference in Myanmar's internal affairs. As of now, the military regime in Myanmar has not responded to ASEAN's efforts to establish peace.

In October 2021, Russia and ASEAN expressed their worry about the ongoing violence and increasing number of casualties in Myanmar. They urged the implementation of the April Accords, immediate cessation of hostilities, and for all parties to show restraint. Currently, Russia is expected to support ASEAN's peace initiative instead of pursuing its own, but this could change. Although Russia considers itself in competition with the West, particularly the US, it does not view China or other Asian powers in the same way. Russia is not concerned about further damage to its reputation in the eyes of the West, as it already has a reputation as 'the world's chief villain.' Russia has pointed out that the West cannot be considered a savior either. The reason behind this claim is that although Thailand's military leaders also restrict democratic liberties, they do not face severe reprimands as they are a Western associate. This political symbolism and messaging are noticeable in Southeast Asia, and people tend to draw comparisons (Nangoy, 2021).

3.2 Foreign Economic Policy of Russian Federation

Russia's foreign trade policy is an essential aspect of the global anti-imperialist campaign. The country aims to support the national-liberation movements in Asia, Africa, and Latin America by improving trade relations with recently independent or colonial nations. As a socialist state, Russia has an international obligation to assist under-developed countries in defeating imperialism and achieving self-determination and national independence, which is impossible without economic independence. Russia's aid and trade policy is driven by a sincere desire to help under-developed countries combat poverty, disease, illiteracy, and backwardness. Russia's foreign trade policy is rooted in its ideology, as well as certain principles of international relations. However, it also places a strong emphasis on the principle of mutual advantage. This is evident in the various trade treaties and agreements that Russia has signed, which include provisions for the mutual application of most-favored nation treatment with respect to custom duties, taxes and levies, navigation, transit, the activities of juridical and physical persons, and the granting of preferences and priorities.

Trade agreements with foreign countries involve fixed obligations for both parties regarding the supply of goods over a specific period of time. These obligations are based on lists of commodities included in the agreements or on annual protocols for mutual delivery of goods. By ensuring a regular supply of machinery and raw materials

at specific dates, these obligations enable under-developed countries to execute their development projects according to the time schedule.

Russia has become one of the leading machine exporters on the world stage, with machines and equipment accounting for over 20% of its exports. Its engineering, metallurgical, mining, oil-processing, chemical, and other industries contribute to this export stream to both socialist and non-socialist countries. In fact, around 40 non-socialist countries receive industrial equipment from Russia. The remarkable growth in Soviet trade with developing countries demonstrates the mutually beneficial nature of this trade, which has benefited both sides. Russia treats small nations as equal to big nations and establishes trade agreements based on equality, without any intention of taking advantage of developing countries or discriminating against them. In contrast, many developed countries tend to have a condescending attitude toward developing countries and may offer one-sided guarantees to smaller nations.

Russia's foreign trade relies on a solid economic foundation, which enables it to efficiently allocate its resources and distribute its products. As per the economic history, the prices of manufactured goods declined in comparison to primary goods towards the end of the 19th century and during World War II. The country has long-term agreements and treaties with developing nations to ensure stable trade. Russia's trade policies effectively assist poorer countries to overcome economic challenges caused by foreign monopoly capital or imperialistic policies.

The economic policy of Russia has affected the terms of trade and credit offered by non-Soviet countries, resulting in a relaxation of the conditions. Some non-socialist countries have had to give in to the demands of Afro-Asian countries that have established economic ties with the socialist world (Russian Mission, 2023).

3.3 Foreign Economic Policy of Myanmar

Myanmar is a country located in Southeast Asia that has undergone significant political and economic changes in recent years. Myanmar is rich in natural resources, including minerals, oil, and gas, making it an attractive destination for foreign investment. As such, Myanmar has been working to develop its foreign economic policy to attract more foreign investment and trade. One of the key components of Myanmar's foreign economic policy is to increase its exports. The country has been working to expand its export market by developing new trade agreements with other countries. For example, Myanmar has signed free trade agreements with countries such

as China, Japan, and South Korea. These agreements have helped to increase the flow of goods and services between Myanmar and these countries, which has boosted the country's economy. Another important aspect of Myanmar's foreign economic policy is to attract foreign investment. To achieve this goal, the government has taken steps to create a more business-friendly environment. For example, it has revised its investment laws to make it easier for foreign companies to invest in the country. Additionally, the government has established special economic zones where foreign companies can set up operations with tax incentives and other benefits. Myanmar has also been working to improve its infrastructure to support increased trade and investment. The government has invested in building new roads, bridges, and ports to improve transportation and logistics. This has helped to reduce the costs of doing business in Myanmar and made it a more attractive destination for foreign companies. Myanmar's foreign economic policy is focused on increasing exports, attracting foreign investment, and improving infrastructure. Through its efforts, the country is working to become a more attractive destination for businesses looking to expand in Southeast Asia (Nehru, 2012).

3.3.1 Objectives of Myanmar's Foreign Economic Policy

The objectives of Myanmar's foreign economic policy can be broadly categorized into three areas: trade, investment, and international cooperation. Trade is a vital component of Myanmar's foreign economic policy. The country has been working to increase its exports and reduce its reliance on imports. One of the key objectives of Myanmar's foreign economic policy is to open new markets for its exports. This involves negotiating and signing free trade agreements with other countries to reduce trade barriers and increase market access.

3.3.2 Policies of Myanmar's Foreign Economic Policy

Foreign economic policy is an important aspect of any country's economic growth and development. Myanmar, also known as Burma, is a country located in Southeast Asia that has been undergoing a transition from a military dictatorship to a democratic government since 2011.

In recent years, Myanmar has been making significant strides in opening its economy to foreign investment and trade. The foreign economic policy of Myanmar is guided by several key principles. First and foremost, the government seeks to promote

economic growth and development through increased foreign investment and trade. To this end, Myanmar has implemented several policy reforms aimed at creating a more business-friendly environment for foreign companies. One of the most important policy changes in recent years has been the liberalization of the country's foreign investment laws. In 2016, Myanmar passed a new foreign investment law that allows for 100% foreign ownership in most sectors of the economy. This has led to a surge in foreign investment, particularly in industries such as manufacturing, tourism, and infrastructure development. Another key policy objective is to increase Myanmar's exports and reduce its reliance on imports. To achieve this, the government has been actively seeking to improve the country's trade infrastructure and promote exports of key products such as agricultural goods, textiles, and natural resources.

In addition to these policies, Myanmar also seeks to promote regional economic integration through its participation in organizations such as the Association of Southeast Asian Nations (ASEAN) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). These organizations provide platforms for Myanmar to engage with other countries in the region on issues such as trade, investment, and infrastructure development. Overall, the foreign economic policy of Myanmar is focused on promoting economic growth and development through increased foreign investment and trade, while also seeking to reduce the country's reliance on imports and promote regional integration. While there are still challenges facing the country's economy, the government's policy reforms have helped to create a more business-friendly environment that is attracting growing interest from foreign investors (Turnell, 2011).

3.3.3 Myanmar's Trade Policy

The government of Myanmar has acknowledged the private sector's importance as a driver of the market mechanism in a market-oriented economic system. The government is focusing on the development of the private sector and making all possible efforts to encourage their participation in foreign trade. Myanmar is a member of various trade organizations and has over 70 trading partners. The country aims to increase its trading partners by implementing effective measures. The primary objective of Myanmar's export policy is to enter the global market by utilizing its natural and human resources and producing value-added products.

The fundamental concept of import policy is to prioritize the import of capital goods, construction materials, and other necessary items such as hygienic materials to ensure the welfare of the people. Furthermore, the government is backing export-oriented goods and domestic production. Myanmar has immense potential in the fields of investment, trade, education, and skill development, as well as the service and manufacturing industries. Myanmar is making great efforts towards fully boosting its economy. It has now become a prime location for investors worldwide owing to its favorable conditions and promising profit gains. Myanmar is renowned for its agriculture-based economy, with abundant land resources and irrigation networks that enable the growth of various crops, including rice, pulses, beans, maize, sesame, fruits, and vegetables that are exported internationally. Investors are warmly welcomed to produce value-added agricultural goods and processed foods, and the agricultural sector offers vast potential for investment.

Myanmar boasts an extensive sea coastline of 2832 kilometers, providing ample opportunity for exporting fishery products, both fresh water and sea water. Fresh water fishery and shrimp present promising investment prospects. Additionally, Myanmar is home to a wide range of hardwood and softwood species, including the world-renowned Teak, as over half of the country remains covered in natural forest. Rather than exporting raw materials, investors can tap into the potential of processing value-added products for commercial exportation to the global market. The country is also rich in mineral resources such as copper, gold, lead, zinc, silver, tin, tungsten, antimony, chromium, and nickel, paving the way for exporting mineral products including jade, gems, and other semi-precious stones. However, new technology is necessary for gem cutting, polishing, and jewelry manufacturing (Mikic et al., 2012).

3.4 Diplomatic Relations between Myanmar and Russia

The diplomatic relations between Russia and Myanmar will soon mark their 75th anniversary in 2023. Myanmar is a reliable partner in the Southeast Asian region, and the cooperation between the two countries has seen significant progress. There is great potential for cooperation in trade and economy. This relationship is built on a significant history, and both countries have overcome various challenges along the way. In the last two decades, bilateral relations have gained momentum. Russia is a country with a rich history and tradition, and despite facing crises 30 years ago, it has emerged as a global powerhouse under the President's leadership. Myanmar has recognized the

efforts made by the Russian President in resolving global issues and has decided to enhance cooperation with the Russian Federation across all sectors. During the meeting between the President of the Russian Federation and the SAC Chairman Prime Minister, both parties discussed areas for collaboration, such as diplomatic relations, political, economic, social, education, health, monetary and banking sectors, science and technology, aerospace and satellite technological cooperation, tourism, and peaceful utilization of nuclear energy for socioeconomic development. The meeting also included an invitation for Russian investments in Myanmar (Coming to Terms with Myanmar's Russia Embrace, 2022).

The relationship between Russia and Myanmar goes back more than sixty years and has always been positive. Unlike some other countries, Russia never tried to conquer Myanmar and there were no conflicts or controversies. Over the last twenty years, Russia has been one of Myanmar's top foreign partners, along with China and the Association of Southeast Asian Nations (ASEAN). Russia has always opposed internationalization and the unfounded politicization of the "Myanmar issue" in the United Nations and other international forums. Myanmar is an important and promising partner for Russia. Myanmar's approach to international affairs is based on several factors, including their ASEAN membership, natural resources, and economic potential. Regarding global matters, Russia and Myanmar share similar views and collaborate closely. Myanmar also acts as the coordinator for the Russian-ASEAN dialogue partnership. Recent political changes in Myanmar are leading to a shift in power towards a new generation of leaders. The nature of their governance, whether military or civilian, is not as important as the fact that they have a different vision for Myanmar's future.

3.5 Bilateral Economic Relations between Russia and Myanmar

In 2021, guests were urged to boost bilateral economic cooperation, with a particular focus on Russia's investments in electricity, oil and gas exploration and production, financial sector collaboration, cement and steel-related products for construction projects, fertilizer production, information technology, value-added food processing, and pharmaceutical manufacturing. During the meeting, the 1st Vice-President talked about how to expand economic cooperation with the Eurasian Economic Union (EAEU). They emphasized the importance of financial sector cooperation to ensure smooth bilateral trade and investment activities. They also

discussed potential investment projects that would benefit both parties. The two sides exchanged views on the bilateral strategy for developing economic cooperation and the participation of a business delegation from Russia-Myanmar Association of Friendship and Cooperation in the upcoming 2nd Myanmar-Russia B2B Dialogue. Finally, they discussed measures to protect foreign investments under Myanmar Investment Law (Ganesan, 2022).

3.5.1 Myanmar-Russian Trade with \$1 Billion Target

The plan aims to increase trade between Myanmar and Russia, with a target to achieve a trading volume of US\$1 billion this financial year. It is crucial for Myanmar exporters to strategically enter the Russian market, as the previous financial year only saw a trade volume of US\$60 million between the two countries. The successful implementation of agreements between the governments and business organizations of both nations is essential for a smooth trading process. The joint development strategy for Russian-Myanmar economic cooperation prioritizes seven areas, including healthcare, energy, infrastructure, and information technology, which have the potential for collaboration between the two nations. In order to increase success, it is crucial for government departments, trade associations, and companies to analyze the obstacles in trading and exporting agricultural products and other goods and discover strategies to penetrate the Russian market. The success of this strategy relies on the collaboration between the private sector and the government in promoting export goods and minimizing trade constraints for entrepreneurs. Enhancing trade between the two nations will be advantageous for both governments and their citizens, as it can potentially boost Myanmar's GDP and reduce poverty.

Myanmar and Russia have been maintaining diplomatic relations for a considerable time. Their focus, in recent years, has been on strengthening their economic ties. Myanmar has an abundance of natural resources, including oil, gas, minerals, and agriculture. Russia, on the other hand, is a major producer of energy and other natural resources. This makes trade relations between the two countries mutually beneficial. Russia is one of the major trading partners of Myanmar. In 2020, the total trade between the two countries was valued at approximately \$187 million. Myanmar exports agricultural products, timber, and textiles to Russia while Russia exports machinery, equipment, and petroleum products to Myanmar.

Myanmar's trade relationship with Russia is quite important for its economy as

it presents a chance for the country to broaden its export portfolio and decrease its reliance on a few key trading partners. Additionally, an increase in trade with Russia could help Myanmar lessen its trade shortfall. However, there are a few obstacles in expanding trade relations between the two countries. The political situation in Myanmar has created uncertainty for foreign investors and traders, and there are logistical issues such as limited transportation infrastructure and high transportation costs. Despite these difficulties, the trade relationship between Myanmar and Russia has the potential to expand and become a significant source of economic growth for Myanmar in the future, even though it is still relatively small.

Myanmar's economy highly depends on its trade relations with Russia. This relationship has a significant impact on the Myanmar economy. Myanmar has been relying heavily on a few trading partners like India, China, and Thailand. However, with increasing trade with Russia, Myanmar can diversify its exports, which will reduce its dependence on these few major trading partners. This diversification will help to spread the risks of trade disruptions and create a more stable and sustainable economy. As of 2020, the total trade between Myanmar and Russia was approximately \$187 million, which is relatively small compared to Myanmar's overall trade volume. However, if Myanmar can improve its trade relations with Russia, it can increase its trade volume, providing more opportunities for economic growth. Russia is a significant producer of natural resources, including oil, gas, and minerals. Myanmar stands to benefit from increased trade with Russia by gaining access to these resources, which can contribute to the country's development and economic growth. Moreover, expanding trade relations with Russia can create opportunities for investment in Myanmar, particularly in the energy sector, which can further support the country's development and generate employment opportunities (Lutz-Auras, 2015).

Although increasing trade relations with Russia may have benefits, there are also some hurdles. The military coup that happened recently in Myanmar has caused uncertainty for foreign investors and traders, which can potentially affect trade volumes. Apart from that, there are logistical difficulties in increasing trade, such as limited transportation infrastructure and high transportation costs. In conclusion, Myanmar and Russia's trade relations could play a crucial role in Myanmar's economic development. However, it's important to address the challenges and make the most of the opportunities that come with increased trade and investment between the two countries.

3.5.2 Progress in Trade Relations between Myanmar and Russia

Myanmar and Russia have maintained diplomatic relations for a considerable time, and lately, they have been focusing on enhancing their trade and economic bonds. To increase the trade volume, both countries signed a bilateral trade agreement in 2016. The agreement outlines that Myanmar would export agricultural products, timber, and textiles to Russia, while Russia would export machinery, equipment, and petroleum products to Myanmar.

To determine the difference in exports and imports in dollars between 2021 and 2020, simply subtract the 2020 values from the 2021 values. The resulting figures will indicate the dollar amount of the change in exports and imports from 2020 to 2021. Specifically, exports increased by \$20.56 million, while imports increased by \$613.57 million from 2020 to 2021.

Joint Myanmar and Russia established a Joint Economic Commission (JEC) in 2017 to enhance economic cooperation and promote investment opportunities. The JEC serves as a platform for both countries to discuss economic issues and identify areas for collaboration. Russia has shown an interest in Myanmar's energy sector. In 2019, Rosneft and Gazprom signed agreements with Myanmar's Ministry of Electricity and Energy to explore cooperation in oil and gas exploration and production. Additionally, Myanmar has been increasing its agricultural exports to Russia in recent years. Myanmar experienced a surge in agricultural exports to Russia in 2020, with a 12.7% increase compared to the previous year. This was driven by a heightened demand for Myanmar's beans, pulses, and sesame seeds in Russia. Additionally, Russia extended humanitarian aid to Myanmar in the form of medical equipment and supplies to help fight the COVID-19 pandemic.

The economic relationship between Myanmar and Russia is becoming stronger despite the relatively small trade volume. The growth in agricultural exports to Russia and increased cooperation in the energy sector are positive developments for Myanmar's economy.

3.6 Foreign Direct Investment Policies of Myanmar

The Myanmar Investment Law (MIL) was enacted in 2016 to streamline the investment process and offer incentives to foreign investors. The MIL provides a legal framework for foreign investors and includes provisions for investment protection,

dispute settlement, and tax incentives. Some of the key policies related to foreign direct investments in Myanmar are as follows:

Investment Promotion Plan: The Investment Promotion Plan (IPP) is a key policy initiative that aims to attract foreign investors to Myanmar. The IPP focuses on promoting investment in priority sectors such as agriculture, infrastructure, and manufacturing.

Tax Incentives: Myanmar offers tax incentives to foreign investors based on the location of the investment, the sector, and the duration of the investment. Incentives include income tax holidays, reduced tax rates, and exemptions from customs duties.

Protection of Foreign Investments: The MIL provides protection to foreign investors against expropriation, nationalization, and discriminatory treatment. Foreign investors are also allowed to repatriate profits and capital without any restrictions.

Foreign Exchange Regulations: The Central Bank of Myanmar regulates foreign exchange transactions in the country. Foreign investors are allowed to open foreign currency accounts and repatriate profits in the foreign currency.

Land Rights: Foreign investors are allowed to lease land for up to 50 years under the MIL. However, the government maintains ownership of all land in Myanmar.

Environmental Regulations: Myanmar has introduced environmental regulations that require foreign investors to conduct environmental impact assessments before starting any projects.

Myanmar has policies in place to promote foreign direct investment and create a more business-friendly environment. The MIL provides a legal framework for foreign investors and offers incentives such as tax breaks and investment protection. However, there are regulations related to land rights and environmental impact that foreign investors must follow to provide sustainable and responsible investments in Myanmar (Myanmar Investment Law, 2016).

3.6.1 Foreign Direct Investment in Myanmar

Foreign Direct Investment (FDI) in Myanmar has seen a significant increase in recent years. Myanmar is a country located in Southeast Asia that has been attracting investors from all over the world. Myanmar is a country with vast natural resources, including minerals, oil and gas, and fertile land for agriculture. It also has a strategic location between China and India, making it an attractive investment destination for companies looking to tap into these markets (Christie & Jacob, 1997). According to the

Myanmar Investment Commission (MIC), the total FDI in Myanmar from 1988 to the end of October 2021 was over \$94.7 billion. Singapore, China, Thailand, Hong Kong, and Japan are among the top investors in Myanmar. Most of FDI in Myanmar has been in the oil and gas sector, followed by power, manufacturing, real estate, and tourism. The oil and gas sector accounted for about 29% of total FDI in Myanmar. The government has been actively promoting investment in other sectors such as agriculture, healthcare, education, and infrastructure development (World Bank Open Data, 2023).

The Myanmar government has implemented several measures to attract more foreign investment into the country. One of the most significant measures was the passing of the Foreign Investment Law in 2012, which provides incentives such as tax exemptions and land leases to foreign investors. Another measure taken by the government was the establishment of Special Economic Zones (SEZs) to promote investment in targeted sectors. These SEZs offer various incentives such as tax holidays, exemptions from customs duties, and relaxed restrictions on foreign ownership. Myanmar also offers a young and educated workforce at a relatively low cost compared to neighboring countries. The country has a population of over 53 million people, with a median age of 28 years old. The literacy rate is also high at around 90%. Myanmar's Foreign Direct Investment has been growing in recent years, thanks to the country's strategic location, abundant natural resources, and a young and educated workforce (Kvanvik, 2020).

The government's efforts to promote investment through various measures such as the Foreign Investment Law, Special Economic Zones, and tax incentives have also contributed to this growth. As Myanmar continues to open its economy to foreign investment, we can expect to see more companies investing in the country in the coming years. Foreign Direct Investment (FDI) is an essential factor that can contribute to the economic growth of a country. Myanmar is one of the countries that have been attracting a significant amount of FDI in recent years.

CHAPTER IV

ECONOMIC RELATIONS BETWEEN MYANMAR AND RUSSIA

Russia and Myanmar have a long-standing relationship that dates to the Soviet era. Both countries have been cooperating in various fields including trade, investment, and aid. In this answer, we will take a closer look at the current state of these three areas of cooperation. Trade between Russia and Myanmar has been increasing steadily over the years. According to the Russian Ministry of Economic Development, bilateral trade between the two countries increased by 20% in 2019 and reached \$298 million. The main items that Russia exports to Myanmar include machinery, equipment, and vehicles, while Myanmar exports mostly agricultural products such as rice, beans, and fish. Russia has been actively investing in Myanmar's economy since the 1990s. One of the most significant investments was the construction of the gas project, which is a joint venture between Russian energy giant Gazprom and Myanmar Oil and Gas Enterprise. The project aims to extract natural gas from offshore fields and transport it to China through a pipeline. Russia has been providing aid to Myanmar for many years, especially in the areas of education, healthcare, and culture. Russia has been providing aid to Myanmar for many years, especially in the areas of education, healthcare, and culture. In 2019, Russia donated medical equipment worth \$1 million to Myanmar's Ministry of Health and Sports. The equipment included X-ray machines, ultrasound equipment, and other medical devices (Chanayuth, 2021).

4.1 Trade Relations between Myanmar and Russia

The trade volume between Myanmar and Russia has seen some growth in recent years, it remains relatively low compared to other countries. The ongoing impact of the pandemic and political situation in Myanmar could continue to impact trade, but there is potential for growth in the future. Over the past five years, Myanmar and Russia have experienced fluctuations in their trade relationship. Myanmar has seen significant growth in its exports to Russia, particularly between the financial years 2017-2018 and

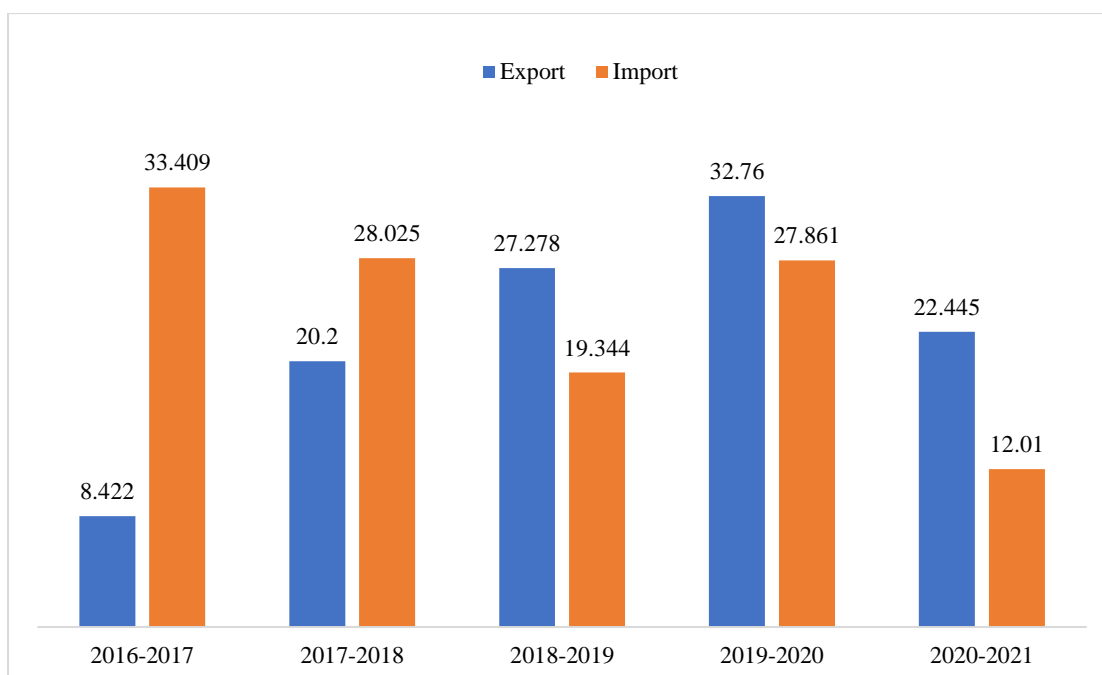
2018-2019. However, there has been a drop in trade values during the 2020-2021 financial year, likely due to the global pandemic as in the following table 4.1.

Table (4.1) The Value of Trade between Myanmar and Russia (2016-2021)

Sr. No.	Finical Year	Export		Import		Trade Balance (USD Million)
		Value (USD Million)	% of Total Export	Value (USD Million)	% of Total Import	
1	2016-2017	8.422	0.072	33.409	0.21	41.831
2	2017-2018	20.2	0.15	28.025	0.15	48.225
3	2018-2019	27.278	0.16	19.344	0.09	46.622
4	2019-2020	32.76	0.18	27.861	0.15	60.623
5	2020-2021	22.445	0.13	12.01	0.07	34.455

Source: Ministry of commerce

Figure (4.1) The Value of Trade between Myanmar and Russia (2016-2021)



Source: Based on table 4.1

The values of trade between Myanmar and Russia have seen some interesting trends over the past five years. The data provided to understand the values of trade between these two nations in the fiscal years of 2016-2021. In the fiscal year of 2016-2017, Myanmar's export to Russia was valued at 8.422 million, while imports from Russia were valued at 33.409 million. This shows that there was a significant trade deficit in favor of Russia. Moving on to the next fiscal year of 2017-2018, we see a significant increase in the value of Myanmar's exports to Russia, which stood at 20.2 million. However, imports from Russia were still higher at 28.025 million, resulting in a trade deficit. In the fiscal year of 2018-2019, Myanmar's exports to Russia saw another increase, reaching a value of 27.278 million. On the other hand, imports from Russia saw a decline and were valued at 19.344 million. This was a positive sign for Myanmar's trade balance, which showed a surplus for the first time in this period. In the fiscal year of 2019-2020, Myanmar's exports to Russia continued to grow, reaching a value of 32.76 million. Imports from Russia also increased and were valued at 27.861 million. Despite the increase in imports, Myanmar's trade balance remained positive with a surplus. Finally, in the fiscal year of 2020-2021, Myanmar's exports to Russia saw a decline and were valued at 22.445 million. However, imports from Russia saw a significant decline and were valued at 12.01 million. This resulted in a trade surplus in favor of Myanmar. Overall, that Myanmar's exports to Russia have been increasing steadily over the past five years, while imports have been fluctuating. The trade balance has also been improving, with a surplus in the last two fiscal years. These trends indicate that Myanmar's trade relationship with Russia is becoming more balanced and mutually beneficial (Appendix 1).

4.2 Myanmar Exports to Russia

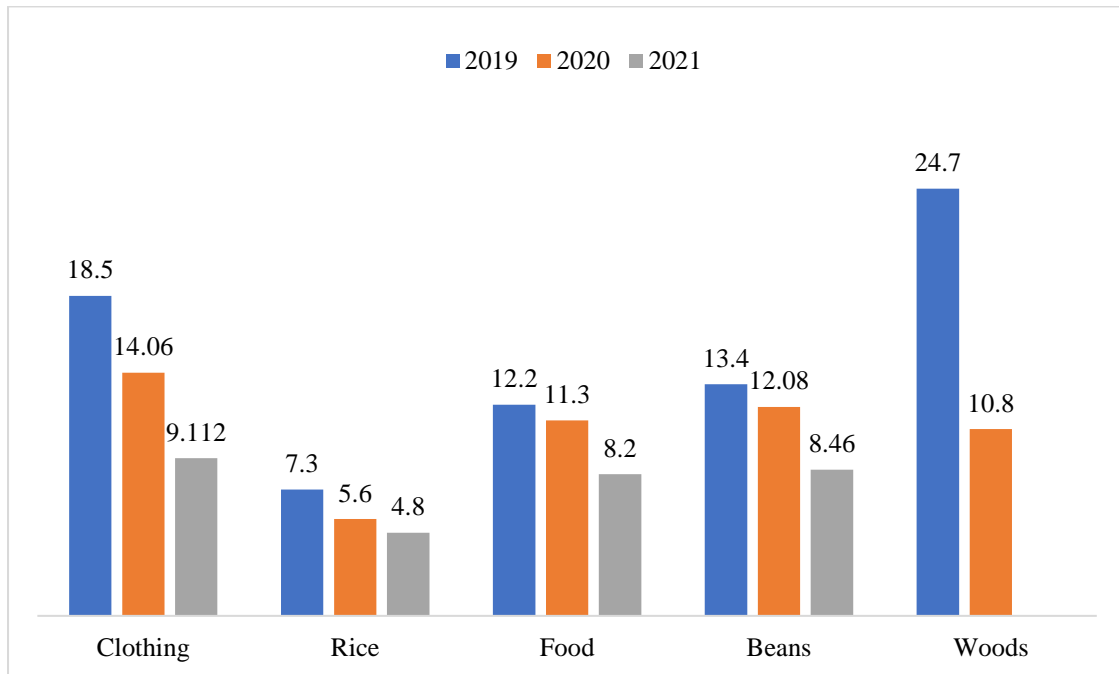
Myanmar is a country that exports a variety of goods to different countries around the world, including Russia. In this answer, we will take a closer look at the top five export items of Myanmar to Russia in 2019-2021 as in the Table (4.2).

**Table (4.2) The Export Value of Top five Items of Myanmar to Russia
(2019-2021)**

Sr. No	Commodity	Export Value (US\$ Million)			Growth Rate (%)		
		2019 (\$Million)	2020 (\$Million)	2021 (\$Million)	2019	2020	2021
1	Clothing	18.5	14.06	9.112	48	-24.2	-35.1
2	Rice	7.3	5.6	4.8	12.3	-23.2	-14.2
3	Food	12.2	11.3	8.2	16.1	-7.3	-27.4
4	Beans	13.4	12.08	8.46	-6.9	-9.8	-29.9
5	Woods	24.7	10.8	9.5	6.9	-56	-12

Source: ministry of commerce

**Figure (4.2) The Export Value of Top five Items of Myanmar to Russia
(2019-2021)**



Source: Based on table 4.2

Myanmar has been exporting a variety of goods to Russia over the past few years, with clothing, rice, food, beans, and woods being among the top five items. In 2019, clothing was the highest exported item to Russia, worth 18.5 million dollars. Rice followed closely behind with 7.3 million dollars, while food and beans were worth 12.2

and 13.4 million dollars, respectively. Woods were also a significant export item with 24.5 million dollars. However, in 2020, there was a significant drop in the export value of these items. Clothing exports fell to 14.06 million dollars, while rice exports declined to 5.6 million dollars. Food exports also decreased significantly, falling to 4.8 million dollars. Beans saw a small decline, dropping to 12.08 million dollars, while Woods experienced a sharp decline to 10.8 million dollars. In 2021, the trend continued with a further reduction in export values. Clothing exports dropped to 9.112 million dollars, while rice exports fell to 4.8 million dollars. Food exports saw a slight increase to 8.2 million dollars, but beans experienced another decline, falling to 8.46 million dollars. Woods also declined further to 9.5 million dollars. The reasons behind these fluctuations in export values are varied and complex, with factors such as changes in demand and supply chain disruptions being among the key drivers. It is also important to note that these figures represent the total value of exports from Myanmar to Russia and do not necessarily reflect the actual quantity of goods exported. While clothing remains the highest exported item from Myanmar to Russia, there has been a decline in overall export values across all of the top five items over the past few years. It will be interesting to see how these trends evolve in the coming years and what measures can be taken to boost exports and mitigate the impact of external factors (Appendix 1).

4.3 Myanmar Imports from Russia

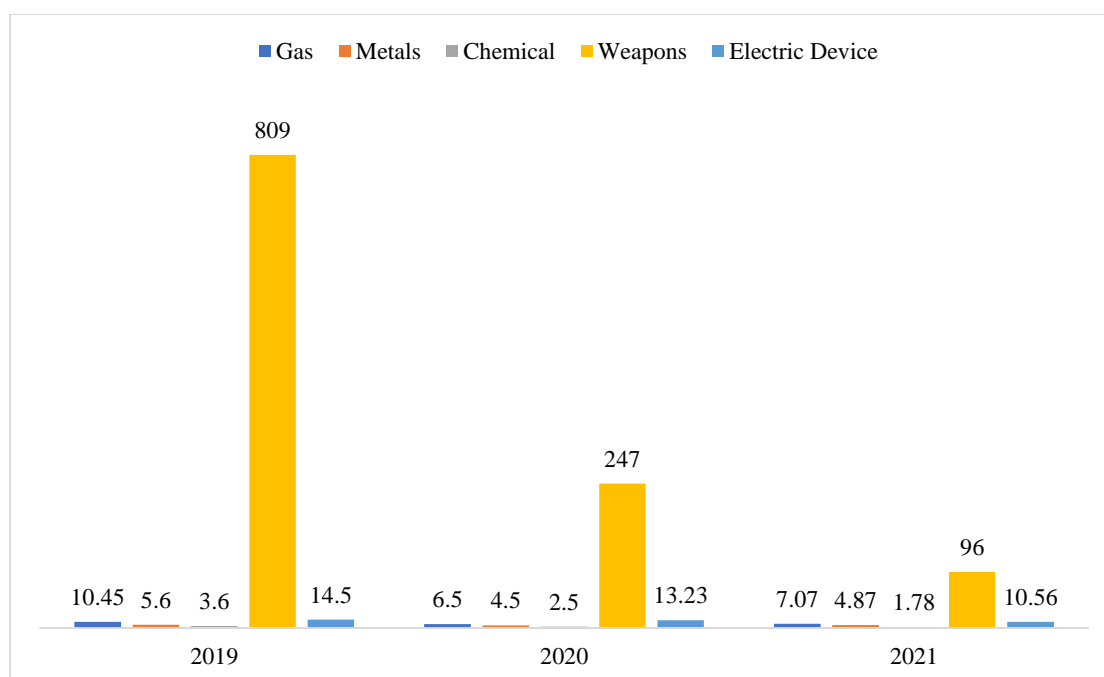
Russia and Myanmar have a long-standing trade relationship, and in recent years, the export value of the top five items from Russia to Myanmar has been a significant point of interest as the following table (4.2).

Table (4.3) The Import Value of Top five Items of Russia to Myanmar (2019-2021)

Sr. No	Commodity	Import Value (US\$ Million)			Growth Rate (%)		
		2019 (\$Million)	2020 (\$Million)	2021 (\$Million)	2019	2020	2021
1	Gas	10.45	6.5	7.07	10	-37	8.7
2	Metals	5.6	4.5	4.87	60	-19	8.2
3	Chemical	3.6	2.5	1.78	-20	-30	-28
4	Weapons	809	247	96	99.2	-69	-61
5	Electric Device	14.5	13.23	10.56	16	-8.7	-20.18

Source: Ministry of commerce

Figure (4.3) Top Five Import Items from Russia (2019-2021)



Source: Based on table 4.3

The following graph illustrates the import values of five categories of goods from Russia to Myanmar in 2019, 2020, and 2021. Russia and Myanmar have a long-standing trade relationship, and in recent years, the import value of the top five items from Russia to Myanmar has been a significant point of interest. The analysis of the

import value of these items can provide valuable insights into the trade relationship between the two countries. In 2019, the top five import items from Russia to Myanmar were Gas, Metal, Chemicals, Weapons, and Electric Devices. The import value for these items was reported as 10.45 million for Gas; 5.6 million for Metal; 3.6 million for Chemicals, 809 million for Weapons, and 14.5 million for Electric Devices. However, in 2020, there was a significant decline in the import value of these items. The top five import items from Russia to Myanmar in 2020 were Gas, Metal, Chemicals, Weapons, and Electric Devices. The export value for these items was reported as 6.5 million for Gas; 4.5 million for Metal; 3.5 million for Chemicals, 247 million for Weapons, and 14.5 million for Electric Devices. In 2021, there was a slight increase in the import value of some of the items. The top five import items from Russia to Myanmar in 2021 were Gas, Metal, Chemicals, Weapons, and Electric Devices. The export value for these items was reported as 7.07 million for Gas; 4.87 million for Metal; 1.78 million for Chemicals, 96 million for Weapons, and 10.56 million for Electric Devices. It is important to note that while there has been volatility in the import value of these items over the past few years, Russia continues to have a strong presence in Myanmar's market. Gas and Metal have consistently been in the top two import items from Russia to Myanmar. It is also worth mentioning that the import value of weapons has seen a significant decrease from 2019 to 2021. The import value of the top five items from Russia to Myanmar in 2019-2021 has varied significantly. However, this analysis provides valuable insights into the trade relationship between the two countries, and it will be interesting to see how these values continue to evolve in the coming years (Appendix 1).

4.4 Foreign Direct Investment Between Myanmar and Russia

According to data from the Directorate of Investment and Company Administration (DICA) in Myanmar, the total FDI from Russia to Myanmar was USD 21.8 million in the 2019-20 fiscal year. This represents a significant increase from the previous year, when the FDI from Russia was only USD 1.5 million. The majority of the FDI from Russia to Myanmar is concentrated in the oil and gas sector. Russian companies such as Gazprom, Rosneft, and Lukoil have been investing heavily in Myanmar's oil and gas sector. In addition to these companies, there are several other Russian companies that have expressed interest in investing in Myanmar's infrastructure, agriculture, and mining sectors. One of the major investments from

Russia in Myanmar is the construction of a nuclear research center. In 2018, the Russian State Atomic Energy Corporation (ROSATOM) signed a memorandum of understanding with the Ministry of Education of Myanmar to build a center for nuclear science and technology. The center will be used for research purposes and will help to develop Myanmar's infrastructure in the energy sector. Overall, the FDI between Russia and Myanmar has been growing steadily in recent years, driven by investments in the oil and gas sector. However, there is still significant potential for further investment in other sectors such as infrastructure and agriculture. With the right policies and regulations in place, there is no doubt that the FDI between Russia and Myanmar can continue to grow and benefit both countries (DICA, 2023).

4.5 Economic Cooperation Steady Progress

Russia and Myanmar have made steady progress in their economic cooperation, with several notable developments taking place in various sectors. One of the key areas where Russia and Myanmar have been strengthening their economic ties is in the energy sector. In 2017, the two countries signed a memorandum of understanding (MoU) on cooperation in the field of peaceful use of nuclear energy. This MoU paved the way for the construction of a nuclear science and technology center in Myanmar, which would be used for research, training, and education. In addition to nuclear energy, Russia has also been exploring other avenues for energy cooperation with Myanmar. For example, Russian energy companies are interested in investing in Myanmar's oil and gas industry, particularly in offshore exploration and production. Another area where Russia and Myanmar have been cooperating is in defense and military technology. In 2016, the two countries signed a defense cooperation agreement, which included provisions for military training and exchanges of military equipment and technology. Beyond energy and defense, Russia has also been looking to expand its presence in Myanmar's telecommunications sector. In 2019, Russian telecoms company Ros telecom signed an agreement with Myanmar's Ministry of Transport and Communications to develop the country's telecommunications infrastructure. Finally, Russia and Myanmar have also been exploring opportunities for cooperation in agriculture and trade. In 2018, Russia's Federal Service for Veterinary and Phyto-sanitary Surveillance signed an agreement with Myanmar's Ministry of Agriculture, Livestock, and Irrigation to facilitate trade in agricultural products. All these developments suggest that Russia and Myanmar are committed to building stronger economic ties in a variety of sectors. While there are

certainly challenges to be overcome – including issues related to sanctions and geopolitical tensions – the progress made so far is a promising sign of what may be possible in the future (The Founding Meeting of the Russian-Myanmar Business Council, 2023).

4.5.1 Combating Currency Barrier for Trade and Investment

Myanmar and Russia have collaborated to establish a direct ruble-kyat exchange facility to encourage bilateral trade. The Russia-Myanmar Friendship Cooperation Committee visited Myanmar in October 2021, following which the banks of both nations have been working towards creating this facility. This move would aid Russia, which is facing difficulties in accessing the global financial system, including payments infrastructure and foreign currency. Myanmar also stands to benefit as it would no longer have to depend on dollars or other intermediate hard currencies, thereby reducing its foreign currency reserves' burden. Myanmar is planning to establish a more advanced version of the rice-for-infrastructure system, similar to the one used in the 1950s. In addition, discussions have been held about a potential trade of fertilizer for rice during the Tatarstan delegation's recent visit. Myanmar Airways International has also disclosed its intention to launch the first direct Yangon-Moscow cargo flights by the close of 2022. Despite the fact that the country's finances have been adversely affected by the Ukraine invasion, Myanmar's government remains supportive of Russia. This is primarily due to the surge in global oil and food prices and Myanmar's dependence on imported refined fuel products, large quantities of cooking oil, fertilizer, and other agricultural inputs (Myanmar's Twin Objectives in Drawing Closer to Russia, 2022).

Globally, the increased cost of oil has led to a rise in transportation expenses, resulting in higher market prices for essential goods and consumer products. This has had significant macro-economic impacts, including inflation and pressure on foreign currency reserves. It has also been particularly devastating for vulnerable populations who are already grappling with economic fallout from the ongoing COVID-19 pandemic.

4.6 Russia's Aid for Myanmar

Russian government has been actively investing in Myanmar's economy. One of the primary reasons for this foreign direct aid is due to the strategic geopolitical location of Myanmar. Myanmar is located at a critical junction between South Asia and Southeast Asia, which makes it an essential player in the region. A significant part of Russia's foreign direct aid to Myanmar is geared towards developing infrastructure, particularly in the energy sector. Russia has invested heavily in natural gas exploration and development in Myanmar, which has helped to boost the country's energy sector. This investment has also helped to create job opportunities and increase economic growth in the country. Russia's strong foreign direct aid to Myanmar is due to various reasons, including the country's strategic location, vast natural resources, and potential as a key partner in Southeast Asia. With continued investment from Russia, Myanmar's economy is expected to grow significantly, creating job opportunities, and increasing economic growth in the country (Sumsy et al., 2012).

4.6.1 Russian Aid for Myanmar Military

The two countries, China, and Russia, have different approaches towards their arms dealings with Myanmar. While China sells weapons to various groups in Myanmar, including those that are fighting against the military, Russia's arms dealings are primarily with the military. The Myanmar military relies on Russia for effective air combat systems such as helicopter gunships and small attack aircraft, which are crucial to their strategy against their opponents. Although Russia is currently focused on its own war efforts in Ukraine, its strong relationship with the Myanmar military is likely to keep the arms flow between the two countries steady. Russia's increasing isolation could lead to a stronger relationship with Myanmar, while other partners may lose interest. Myanmar's emphasis on developing local capability to produce spare parts and maintenance locally could also help them deal with any supply chain restrictions from Russia due to COVID-19. Myanmar's defense budget is around \$2.5 billion annually, but only \$500 million is allocated for defense procurement, which is only a fraction of the cost of Russian arms. For example, the Sukhoi Su-30 fighter jets used in attacks in northern Myanmar cost around \$47 million each, which is almost one-tenth of its entire budget, but the actual price varies depending on the year and model.

The military is unable to purchase all of its military equipment from Russia in dollars due to financial constraints. As a result, there is a possibility that the purchases

are aided by the transfer of raw materials, such as gemstones and timber. This approach also makes it easier for both sides to bypass international sanctions. The relationship between the two countries is strong and enduring, as they rely on each other for mutual benefits. Russia can obtain raw materials, while Myanmar is able to acquire military equipment.

Russia supports Myanmar's military with arms and diplomatic aid. However, due to the ongoing war in Ukraine and Moscow's global isolation, the partnership remains restricted. Although Russia lacks significant investments in Myanmar, it is a significant supplier of arms to the military. The military receives a range of military equipment, including surface-to-air missile systems, surveillance drones, helicopters, fighter jets, and anti-aircraft missile systems. In February 2021, Russia sold Myanmar \$14.7 million worth of radar equipment, and three months prior, it sold \$96 million worth of "hidden" goods. Nonetheless, Russia cannot compete with China's economic investments in Myanmar. Russian military equipment is being used to fight against groups of resistance fighters, with a focus on Mi-35 helicopters and Yak-130 combat training aircraft for guarding military posts. The Myanmar military is also planning to upgrade its troops with anti-drone systems that will most likely be purchased from Russia. The revenue generated from these weapon sales will add to the funds for the ongoing conflict in Ukraine (Zhabina, 2023).

The significant projects that Russia has been supporting in Myanmar is the construction of the "Shwe" oil and gas pipeline. The pipeline, which spans over 700 kilometers, transports oil and gas from Myanmar's offshore fields to China's Yunnan Province. The project is a joint venture between Myanmar Oil and Gas Enterprise and China National Petroleum Corporation, with Russia's Gazprom also having a stake in it. Another notable project is the upgrading of the railway system in Myanmar. Russia has been providing technical assistance to Myanmar Railways since 2015, with the aim of modernizing the country's railway infrastructure. The project includes upgrading railway tracks, modernizing signaling systems, and improving passenger services.

Russia has also been providing aid to Myanmar in the fields of education and healthcare. For instance, in 2019, Russia donated medical equipment worth \$1 million to Myanmar's Ministry of Health and Sports. The equipment included ultrasound machines, X-ray machines, and other medical supplies that have helped improve healthcare services in the country.

Russia has also been offering scholarships to Myanmar students to study in Russian universities. This initiative aims to promote cultural exchange between the two countries while providing opportunities for Myanmar students to receive quality education in Russia. Russia's aid to Myanmar spans across various sectors, including energy, transportation, education, and healthcare. These projects have helped improve the living standards of the people of Myanmar while strengthening the relationship between the two countries (Sumsky , 2012).

4.6.2 Russia's COVID-19 Vaccine aid for Myanmar

The Russian Direct Investment Fund (RDIF) announced that Myanmar has become the 21st country to register Sputnik V. As the first state in South East Asia to approve the use of Sputnik V, Myanmar has joined a list of countries that have registered this effective and safe coronavirus vaccine. The number of countries in the region registering the vaccine is expected to increase. The vaccine's first batch was delivered to Myanmar from Russia in January 2020 for registration procedures.

Myanmar reported its first two cases of COVID-19 on March 23, 2020, with the first death recorded on March 31. As of now, the country has confirmed over 141,300 cases, more than 127,200 recoveries, and over 3,100 deaths. Several countries including Russia, Belarus, and Argentina, among others, have approved the use of the Sputnik V vaccine. Developed by the Gamaleya National Research Center for Epidemiology and Microbiology, the vaccine is based on a human adenoviral vector platform and administered in two doses. Russia was the first country to register its vaccine on August 11, 2020 (Tass, 2021).

4.7 PESTEL Analysis of Russia and Myanmar's Economic Factors

Russia's Economic Factors: Political: Russia is a federal semi-presidential republic, with a president as its head of state. The political situation in Russia has been relatively stable since the fall of the Soviet Union in 1991, but there are concerns over corruption and the concentration of power in the hands of the president.

Economic: Russia is the world's largest oil producer and exporter, and it also has significant reserves of natural gas, coal, and precious metals. However, its economy is heavily dependent on these resources, which can make it vulnerable to fluctuations in global commodity prices.

Social: Russia has a population of over 144 million people, with a highly educated workforce. However, there are concerns over income inequality and poverty levels in certain regions of the country. **Technological:** Russia has a strong tradition in science and technology, with a well-developed aerospace industry and a thriving startup scene.

Environmental: Russia has faced significant environmental challenges in recent years, including air and water pollution and deforestation. The government has taken steps to address these issues, but more work still needs to be done.

Legal: The legal system in Russia is known for being complex and difficult to navigate. There are also concerns over the rule of law and human rights abuses.

Myanmar's Economic Factors: **Political:** Myanmar is a parliamentary republic with a president as its head of state. The country has undergone significant political reforms in recent years, including the release of political prisoners and the holding of free elections.

Economic: Myanmar has significant reserves of natural resources including oil, gas, timber, and precious stones. However, its economy is relatively underdeveloped, and it faces significant challenges in areas such as infrastructure and access to capital.

Social: Myanmar has a population of over 54 million people, with a young workforce and a rapidly growing middle class. However, poverty levels remain high in certain regions of the country. **Technological:** Myanmar is still developing its technology sector, but there are signs of growth with the rise of mobile phone usage and the development of tech hubs in cities such as Yangon.

Environmental: Myanmar is home to significant biodiversity, including the Irrawaddy dolphin and the endangered tiger. However, the country also faces environmental challenges such as deforestation and pollution.

Legal: Myanmar's legal system is still developing and there are concerns over issues such as property rights and corruption.

Russia and Myanmar face a range of economic factors that need to be considered when analyzing their business environments. The PESTEL framework provides a useful tool for doing so, highlighting the key political, economic, social, technological, environmental, and legal factors that impact each country's economy (Lutz-Auras, 2015).

CHAPTER V

CONCLUSION

5.1 Findings

Currently, Myanmar sees potential in the Russian market, but it only holds a small share compared to Russia's import market. Despite enjoying a trade surplus, Myanmar has struggled to expand its export portfolio to Russia over the last decade. It is advisable to focus on exporting more value-added goods rather than raw materials to increase the number of export items.

Myanmar follows an export-first policy that allows imports only if there is an equivalent value of exports. As a result, companies that are unable to export goods often resort to purchasing export earnings. Myanmar's primary exports to Russia consist of headgear, edible fruits, nuts, peel of citrus fruit, melons, leather, animal gut, harness, travel goods, and electrical and electronic equipment. It is evident that Myanmar must continue to enhance the quality of these products, enlarge and intensify production, and maintain its market share. Myanmar should strive to become Russia's primary trading partner and export the necessary food supplies while gaining access to the main food market.

Myanmar and Russia have a military-focused relationship. Myanmar has traditionally depended on Russia for advanced training for its air force officers. Despite China's support during times of international sanctions, a closer relationship with Russia provides Myanmar's military with the opportunity to engage with global leaders and attain international recognition. At the 25th St. Petersburg International Economic Forum-SPIEF'22, the two countries discussed signing the Russia-Myanmar Economic Cooperation Development Strategy (Draft), increasing investment and trade, and establishing industrial zones for Russian entrepreneurs in Myanmar.

Russia has been investing heavily in Myanmar's energy sector. In recent years, Russian companies have signed several deals to explore and develop oil and gas reserves in the country. This has included agreements between Russian energy giant Gazprom and Myanmar's state-owned Myanmar Oil and Gas Enterprise. In addition to

energy, Russia has also been investing in other sectors of Myanmar's economy. For example, Russian companies have been involved in the construction of infrastructure projects such as bridges and highways. When it comes to trade, Russia and Myanmar have been working to increase bilateral trade in recent years. Finally, when it comes to aid, Russia has provided Myanmar with humanitarian and development assistance over the years. This has included support for healthcare, education, and infrastructure projects. Overall, the trade, investment, and aid relationship between Russia and Myanmar is multifaceted and continues to evolve. While there are challenges and obstacles to overcome, both countries remain committed to strengthening their ties and working together for mutual benefit.

5.2 Recommendation

Myanmar should capitalize on its strategic location and leverage it to boost its economy through trade with Russia. To tap into the ASEAN free trade area, Myanmar needs to negotiate with Russia to attract Russian investors. Enhancing the production sector is critical to expanding bilateral trade, and this requires the provision of technology and services to produce basic and finished products. Additionally, a reliable and stable currency-exchange system in the border area is crucial.

Bank services should be integrated with trading services to make currency exchange more efficient and systematic. Myanmar should explore the possibility of exporting goods in larger quantities and diversifying commodities to expand future trade. Bilateral trade affairs can introduce more trading opportunities, and it's crucial to simplify the taxing process to ensure smooth trade. Building mutual trust, gaining market information, and following international norms are essential factors for the expansion of bilateral trade between Russia and Myanmar. Acting on these measures soon will pave the way for a successful trading relationship between the two countries.

China and Russia are both vying for access to Myanmar's market. To improve its economy, Myanmar should capitalize on this competition. As trade is heavily influenced by monetary, fiscal, and customs policies, the stability and flexibility of these sectors are crucial. Russia is striving for inclusive growth through its plans and Myanmar should also consider inclusive development when creating its own plans. The study shows that there have been changes in important procedures, as well as changes in Myanmar's imports and exports. While exports have slightly increased, changes in imports depend on the state policy and the products accepted by Myanmar citizens

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APPENDIX

Economic Relations between Myanmar and Russian Federation

ကုန်သွယ်ရေးဦးစီးဌာန

မြန်မာ - ရုရှား နှစ်နိုင်ငံ ကုန်သွယ်မှုအခြေအနေ

တန်ဖိုး-ကန်ဒေါ်လာသန်း

စဉ်	ဘဏ္ဍာနှစ်	ပို့ကုန်	သွင်းကုန်	ကုန်သွယ်မှုပမာဏ
၁	၂၀၁၁-၂၀၁၂	၁၂.၅၇၉	၁.၅၃၉	၁၄.၁၁၈
၂	၂၀၁၂-၂၀၁၃	၂၇.၃၇၆	၁.၀၆၈	၂၈.၄၄၄
၃	၂၀၁၃-၂၀၁၄	၁၅.၈၁၆	၄.၉၅၂	၂၀.၇၆၈
၄	၂၀၁၄-၂၀၁၅	၁၅.၅၈၅	၂၅.၃၀၅	၄၀.၈၉၀
၅	၂၀၁၅-၂၀၁၆	၃.၈၅၂	၂၄.၂၇၂	၂၈.၁၂၄
၆	၂၀၁၆-၂၀၁၇	၈.၄၂၂	၃၃.၄၀၉	၄၁.၈၃၁
၇	၂၀၁၇-၂၀၁၈	၂၀.၂၀၀	၂၈.၀၂၅	၄၈.၂၂၅
၈	၂၀၁၈ ခုနှစ် (Mini Budget)	၈.၇၆၇	၂၀.၆၃၉	၂၉.၄၀၆
၉	၂၀၁၈-၂၀၁၉	၂၇.၂၇၈	၁၉.၃၄၄	၄၆.၆၂၂
၁၀	၂၀၁၉-၂၀၂၀	၃၂.၇၆၂	၂၇.၈၆၁	၆၀.၆၂၃
၁၁	၂၀၂၀-၂၀၂၁	၂၂.၄၄၅	၁၂.၀၁၀	၃၄.၄၅၅
၁၂	၂၀၂၁-၂၀၂၂ (Mini Budget)	၁၃.၉၄၄	၁၆.၆၀၅	၃၀.၅၄၉
၁၃	၂၀၂၂-၂၀၂၃	၇.၆၀၁	၇.၁၅၇	၁၄.၇၅၈

၂၀၁၁-၂၀၁၂ ဘဏ္ဍာနှစ် မှ ၂၀၂၂-၂၀၂၃ ဘဏ္ဍာနှစ်ထိ မြန်မာနိုင်ငံမှ ရုရှားနိုင်ငံသို့ အုပ်စုအလိုက် ပို့ကုန် တင်ပို့မှုအခြေအနေ

တန်ဖိုး - အမေရိကန်ဒေါ်လာသန်း

စဉ်	အကြောင်းအရာ	၂၀၁၁- ၂၀၁၂	၂၀၁၂- ၂၀၁၃	၂၀၁၃- ၂၀၁၄	၂၀၁၄- ၂၀၁၅	၂၀၁၅- ၂၀၁၆	၂၀၁၆- ၂၀၁၇	၂၀၁၇- ၂၀၁၈	၂၀၁၈ (Mini Budget)	၂၀၁၈- ၂၀၁၉	၂၀၁၉- ၂၀၂၀	၂၀၂၀- ၂၀၂၁	၂၀၂၁-၂၀၂၂ (Mini Budget)	၂၀၂၂- ၂၀၂၃
(က)	လယ်ယာထွက်ပစ္စည်း	9.729	24.851	12.839	13.933	2.837	2.540	9.993	1.797	၇.၅၀၂	၅.၀၈၃	၀.၆၉၇	0.099	
(ခ)	တိရစ္ဆာန်ထွက်ပစ္စည်း									၀.၀၁၄				
(ဂ)	ရေထွက်ပစ္စည်း				0.151									
(ဃ)	သတ္တုတွင်းထွက်ပစ္စည်း							1.337						
(င)	သစ်တောထွက်ပစ္စည်း	0.032	0.004	0.028						၀.၀၀၈	၀.၁၀၁		0.054	၀.၀၄၅
(စ)	စက်မှုကုန်ချောပစ္စည်း	2.190	1.919	2.949	1.493	1.015	5.845	8.726	6.894	၁၉.၅၀၀	၂၇.၂၂၃	၂၁.၅၅၃	၁၃.၆၈၃	၇.၃၁၆
(ဆ)	အခြားပစ္စည်းများ	0.628	0.602		0.008		0.037	0.144	0.076	၀.၂၅၄	၀.၃၅၅	၀.၁၉၅	၀.၁၀၈	0.240
	ပို့ကုန်စုစုပေါင်း	၁၂.၅၇၉	၂၇.၃၇၆	၁၅.၈၁၆	၁၅.၅၈၅	၃.၈၅၂	၈.၄၂၂	၂၀.၂၀၀	၈.၇၆၇	၂၇.၂၇၈	၃၂.၇၆၂	၂၂.၄၄၅	၁၃.၉၄၄	၇.၆၀၁

Source: Customs Data

၂၀၁၁-၂၀၁၂ ဘဏ္ဍာနှစ် မှ ၂၀၂၂-၂၀၂၃ ဘဏ္ဍာနှစ်ထိ မြန်မာနိုင်ငံသို့ ရုရှားနိုင်ငံမှ အုပ်စုအလိုက် သွင်းကုန်တင်သွင်းမှုအခြေအနေ

တန်ဖိုး - အမေရိကန်ဒေါ်လာသန်း

	အကြောင်းအရာ	၂၀၁၁- ၂၀၁၂	၂၀၁၂- ၂၀၁၃	၂၀၁၃- ၂၀၁၄	၂၀၁၄- ၂၀၁၅	၂၀၁၅- ၂၀၁၆	၂၀၁၆- ၂၀၁၇	၂၀၁၇- ၂၀၁၈	၂၀၁၈ (Mini Budget)	၂၀၁၈- ၂၀၁၉	၂၀၁၉- ၂၀၂၀	၂၀၂၀- ၂၀၂၁	၂၀၂၁-၂၀၂၂ (Mini Budget)	၂၀၂၂- ၂၀၂၃
(က)	ရင်းနှီးမြုပ်နှံမှုကုန်ပစ္စည်းများ	၀.၅၄၆			၆.၃၇၈	၀.၄၉၃	၃.၉၄၅	၀.၆၁၁	၀.၁၆၃	၁.၆၅၉	1.057	1.348	၀.၀၆၁	၀.၀၈၂
(ခ)	လုပ်ငန်းသုံးကုန်ကြမ်းပစ္စည်းများ	၀.၈၃၂	၀.၉၅၁	၃.၄၂၇	၁၈.၈၇၃	၂၃.၄၈၆	၂၈.၁၃၄	၂၇.၀၅၇	၁၉.၃၅၃	၁၇.၃၀၆	၂၆.၇၅၁	၁၀.၆၁၀	၁၆.၃၆၉	၇.၀၄၈
(ဂ)	လူသုံးကုန်ပစ္စည်းများ	၀.၁၆၁	၀.၁၁၇	၁.၅၅၅	၀.၀၅၄	၀.၂၉၃	၁.၃၃	၀.၃၅၇	၁.၁၂၃	၀.၃၇၉	၀.၀၅၃	၀.၀၅၂	၀.၁၇၅	၀.၀၂၇
	သွင်းကုန်စုစုပေါင်း	၁.၅၃၉	၁.၀၆၈	၄.၉၅၂	၂၅.၃၀၅	၂၄.၂၇၂	၃၃.၄၀၉	၂၈.၀၂၅	၂၀.၆၃၉	၁၉.၃၄၄	၂၇.၈၆၁	၁၂.၀၁၀	၁၆.၆၀၅	၇.၁၅၇

Source: Customs Data

၂၀၁၁-၂၀၁၂ ဘဏ္ဍာနှစ်မှ ၂၀၂၂-၂၀၂၃ ဘဏ္ဍာနှစ်ထိ မြန်မာနိုင်ငံမှ ရုရှားနိုင်ငံသို့ အဓိကပို့ကုန် (၁၀)မျိုး

တန်ဖိုး - ကန်ဒေါ်လာသန်းပေါင်း

စဉ်	၂၀၁၁-၂၀၁၂		၂၀၁၂-၂၀၁၃		၂၀၁၃-၂၀၁၄		၂၀၁၄-၂၀၁၅		၂၀၁၅-၂၀၁၆		၂၀၁၆-၂၀၁၇		၂၀၁၇-၂၀၁၈	
	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး
၁	ဆန်	၈.၇၅၇	ဆန်	၂၄.၂၂၀	ဆန်	၁၀.၅၂၄	ဆန်	၁၂.၄၃၆	ဆန်	၂.၂၂၆	ချုပ်ပြီးအထည်	၄.၃၁၉	ဆန်	၉.၇၆၃
၂	ချုပ်ပြီးအထည်	၂.၁၉၀	ချုပ်ပြီးအထည်	၁.၉၁၉	ချုပ်ပြီးအထည်	၂.၉၄၉	ချုပ်ပြီးအထည်	၁.၄၉၃	ချုပ်ပြီးအထည်	၀.၇၇၃	ဆန်	၂.၂၄၉	ချုပ်ပြီးအထည်	၆.၅၆၂
၃	မြေထောက်ပဲ	၀.၇၄၂	မြေထောက်ပဲ	၀.၅၄၆	#SPILL!	၀.၆၈၉	မြေထောက်ပဲ	၀.၅၇၉	မြေထောက်ပဲ	၀.၁၆၇	မြေထောက်ပဲ	၀.၁၆၆	သတ္တုနှင့်သတ္တုရိုင်းများ	၁.၃၃၇
၄	ဆန်ကွဲ	၀.၁၂၈	ပဲစဉ်းငုံ	၀.၀၆၇	မြေထောက်ပဲ	၀.၆၄၉	ဆန်ကွဲ	၀.၃၈၃	ပဲကတ္တီပါ(စွန်တာနီ)	၀.၁၂၇	ပဲတီစိမ်း	၀.၀၈၆	ပဲတီစိမ်း	၀.၁၀၇
၅	ပဲလွန်းဖြူ	၀.၁၀၂	ပဲလွန်းဖြူ	၀.၀၁၈	စွန်တာပြာ	၀.၄၉၉	ထောပတ်ပဲ	၀.၂၉၄	စွန်တာပြာ	၀.၁၀၅	ပဲလွန်းဖြူ	၀.၀၃၇	မြေထောက်ပဲ	၀.၁၀၂
၆	ကျွန်သစ်ခွဲသား	၀.၀၃၂			ပဲကတ္တီပါ(စွန်တာနီ)	၀.၂၃၇	ငါး	၀.၁၅၁	ပဲတီစိမ်း	၀.၀၉၆	သရက်သီး	၀.၀၀၂	မတ်ပဲ	၀.၀၀၉
၇					ထောပတ်ပဲ	၀.၂၀၄	ပဲကတ္တီပါ(စွန်တာနီ)	၀.၀၇၈	ပဲလွန်းဖြူ	၀.၀၈၅			ပဲစဉ်းငုံ	၀.၀၀၅
၈					ပဲလွန်းဖြူ	၀.၀၃၄	စွန်တာပြာ	၀.၀၆၆	ကုလားပဲ	၀.၀၃၁			ကုလားပဲ	၀.၀၀၃
၉					မတ်ပဲ	၀.၀၀၃	ပဲတီစိမ်း	၀.၀၆၄					သရက်သီး	၀.၀၀၃
၁၀							ပဲလွန်းဖြူ	၀.၀၃၃					ပဲလွန်းဖြူ	၀.၀၀၁

Source: Customs Data

၂၀၁၁-၂၀၁၂ ဘဏ္ဍာနှစ်မှ ၂၀၂၂-၂၀၂၃ ဘဏ္ဍာနှစ်ထိ မြန်မာနိုင်ငံမှ ရုရှားနိုင်ငံသို့ အဓိကပို့ကုန် (၁၀)မျိုး

တန်ဖိုး - ကန်ဒေါ်လာသန်းပေါင်း

၂၀၁၈ (Mini Budget)		၂၀၁၈-၂၀၁၉		၂၀၁၉-၂၀၂၀		၂၀၂၀-၂၀၂၁		၂၀၂၁-၂၀၂၂ (Mini Budget)		၂၀၂၂-၂၀၂၃	
ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး
ချုပ်ပြီးအထည်	5.349	ချုပ်ပြီးအထည်	13.355	ချုပ်ပြီးအထည်	၁၈.၅၀၁	ချုပ်ပြီးအထည်	14.064	ချုပ်ပြီးအထည်	၉.၁၁၂	ချုပ်ပြီးအထည်	6.962
ဆန်	1.755	ဆန်	၇.၃၀၄	ဆန်	၄.၇၇၈	ကော်ဖီစေ့	0.025				
သရက်သီး	0.007	မြေထောက်ပဲ	၀.၁၀၇	ဆန်ကွဲ	၀.၁၄၅	ကုလားပဲ	0.003				
		ပဲတီစိမ်း	၀.၀၅၉	မြေထောက်ပဲ	၀.၁၃၇						
		ပဲလွန်းဖြူ	၀.၀၁၇	ပဲလွန်းဖြူ	၀.၀၂၃						
		ကော်ဖီစေ့	0.007								
		သရက်သီး	0.007								

Source: Customs Data

၂၀၁၁-၂၀၁၂ ဘဏ္ဍာနှစ်မှ ၂၀၂၂-၂၀၂၃ ဘဏ္ဍာနှစ်ထိ မြန်မာနိုင်ငံမှ ရုရှားနိုင်ငံသို့
အဓိကပို့ကုန် (၁၀)မျိုး

တန်ဖိုး - ကန်ဒေါ်လာသန်းပေါင်း

စဉ်	၂၀၁၁-၂၀၁၂		၂၀၁၂-၂၀၁၃		၂၀၁၃-၂၀၁၄		၂၀၁၄-၂၀၁၅		၂၀၁၅-၂၀၁၆		၂၀၁၆-၂၀၁၇	
	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး	ကုန်ပစ္စည်း	တန်ဖိုး
၁	ဆန်	8.757	ဆန်	24.220	ဆန်	10.524	ဆန်	12.436	ဆန်	2.226	ချုပ်ပြီးအထည်	4.319
၂	ချုပ်ပြီးအထည်	2.190	ချုပ်ပြီးအထည်	1.919	ချုပ်ပြီးအထည်	2.949	ချုပ်ပြီးအထည်	1.493	ချုပ်ပြီးအထည်	၀.၇၇၃	ဆန်	2.249
၃	မြေထောက်ပဲ	0.742	မြေထောက်ပဲ	0.546	#SPILL!	0.689	မြေထောက်ပဲ	0.579	မြေထောက်ပဲ	၀.၁၆၇	မြေထောက်ပဲ	0.166
၄	ဆန်ကွဲ	0.128	ပဲစဉ်းငုံ	0.067	မြေထောက်ပဲ	0.649	ဆန်ကွဲ	0.383	ပဲကတ္တီပါ(စွန်တာနီ)	၀.၁၂၇	ပဲတီစိမ်း	0.086
၅	ပဲလွန်းဖြူ	0.102	ပဲလွန်းဖြူ	0.018	စွန်တာပြာ	0.499	ထောပတ်ပဲ	0.294	စွန်တာပြာ	၀.၁၀၅	ပဲလွန်းဖြူ	0.037
၆	ကျွန်သစ်ခွဲသား	0.032			ပဲကတ္တီပါ(စွန်တာနီ)	0.237	ငါး	0.151	ပဲတီစိမ်း	၀.၀၉၆	သရက်သီး	0.002
၇					ထောပတ်ပဲ	0.204	ပဲကတ္တီပါ(စွန်တာနီ)	0.078	ပဲလွန်းဖြူ	၀.၀၈၅		
၈					ပဲလွန်းဖြူ	0.034	စွန်တာပြာ	0.066	ကုလားပဲ	၀.၀၃၁		
၉					မတ်ပဲ	0.003	ပဲတီစိမ်း	0.064				
၁၀							ပဲလွန်းဖြူ	0.033				

