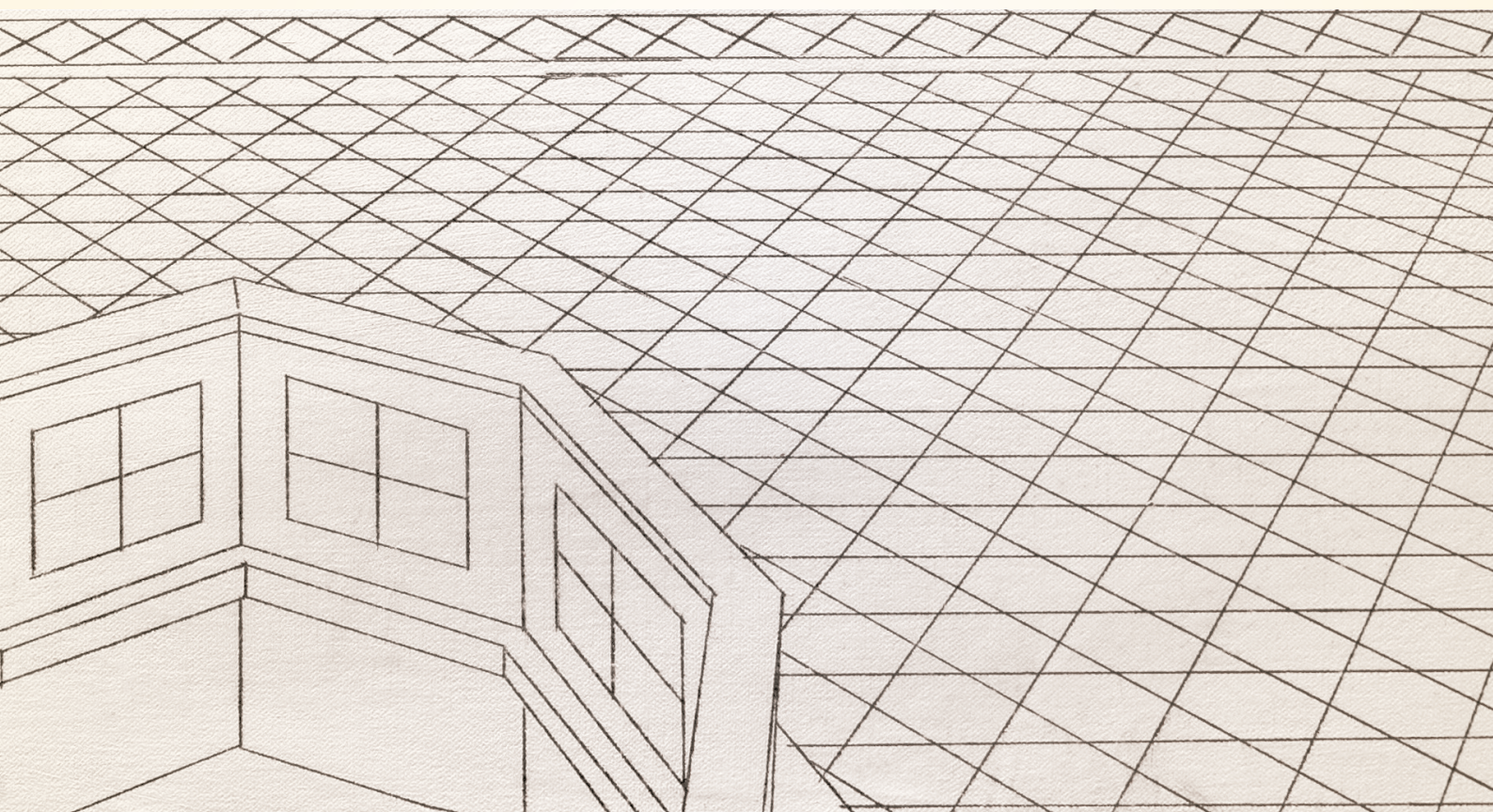


UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**UNCTAD**



# **TOWARDS A NEW TRADE POLICY ON MARKET ACCESS FOR MYANMAR**



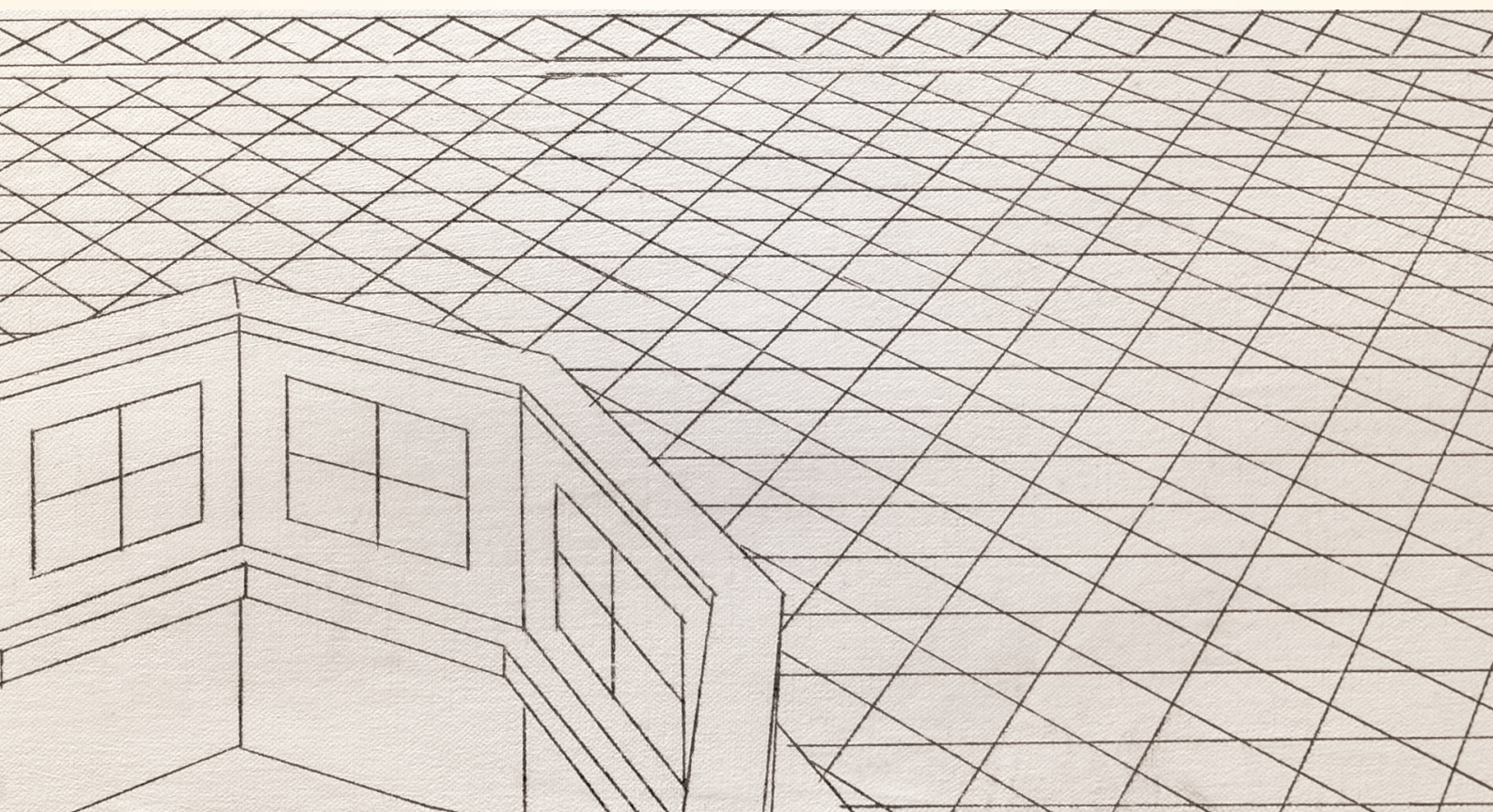
IDENTIFYING A POSITIVE AGENDA AMONG CHALLENGES AND OPPORTUNITIES



UNITED NATIONS



# **TOWARDS A NEW TRADE POLICY ON MARKET ACCESS FOR MYANMAR**



**Identifying a positive agenda among challenges  
and opportunities**



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# Abbreviations and acronyms

<b>ACFTA</b>	ASEAN-China Free Trade Agreement
<b>AEC</b>	ASEAN Economic Community
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ATIGA</b>	ASEAN Trade in Goods Agreement
<b>BIT</b>	Bilateral Investment Treaties
<b>CDP</b>	Committee for Development Policy
<b>CP-TPP</b>	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
<b>CRO</b>	Committee on Rules of Origin
<b>DFQF</b>	duty-free quota-free
<b>DTIS</b>	Diagnostic Integration Study
<b>EBA</b>	Everything but Arms
<b>EVI</b>	Economic Vulnerability Index
<b>FTA</b>	Free Trade Agreement
<b>GNI</b>	gross national income
<b>GSP</b>	Generalized System of Preferences
<b>HAI</b>	Human Asset Index
<b>IIA</b>	International Investment Agreement
<b>IMS</b>	Information Management System
<b>IPR</b>	intellectual property rights
<b>ISDS</b>	investor–State dispute settlement
<b>LDC</b>	least developed country
<b>MFN</b>	most favoured nation
<b>MOC</b>	Ministry of Commerce
<b>MSME</b>	micro, small and medium enterprise
<b>NTM</b>	non-tariff measures
<b>PM</b>	preference margins
<b>PSRO</b>	product-specific rules of origin
<b>QUAD</b>	Canada, EU, Japan and the United States
<b>RCEP</b>	Regional Comprehensive Economic Partnership
<b>ROO</b>	rules of origin
<b>RTA</b>	Regional Trade Agreements
<b>SPS</b>	sanitary and phytosanitary
<b>TIP</b>	Trade Intelligence Portal
<b>TBT</b>	Technical Barriers to Trade
<b>TPP</b>	Trans-Pacific Partnership
<b>WTO</b>	World Trade Organization

# Summary of findings

Myanmar is relatively a newcomer in the international trade scene after the lifting of sanctions in 2013. Yet, together with Cambodia, it is one of the few LDCs that has been able to dramatically increase exports exploiting the trading opportunities arising from trade preferences, especially those provided by the European Union under the Everything but Arms scheme (EBA).

At first glance, the export composition and destination of Myanmar is more diversified than the other ASEAN LDCs such as Cambodia and the Lao People's Democratic Republic. However, once netted out of the gas exports to China and Thailand and some agricultural crops, the reliance on trade preferences for major manufactured export is glaring. Out of \$3.3 billion of QUAD imports from Myanmar<sup>1</sup> accounting for about 27 per cent of Myanmar total exports, around \$2.5 billion (76 per cent of QUAD imports from Myanmar) benefited from trade preferences in 2017. Most importantly these exports utilizing trade preferences, mainly garments, have a social impact on Myanmar labour force since the garment industry is labour intensive. Given that 11.8 per cent of QUAD imports from Myanmar are MFN free, only 12.6 per cent of exports were hit by a tariff, either because they are not covered by preference schemes (6.5 per cent) or not utilized (6.1 per cent).

More specifically, Myanmar has been able to draw net gains from the trading opportunities offered by the reform of European Union rules of origin (RoO) that took place in 2011. This is evident from the trade statistics showing that after Myanmar's reinstatement in 2013, not only has it been able to increase its utilization of the European Union preferences but has substantially increased its total exports to the European Union.

However, this favourable trading environment will not last due to a series of overlapping and concomitant trade initiatives and developments in the international trade scenario.

The continued eligibility of Myanmar under the EBA due to non-trade-related conditionalities<sup>2</sup> is currently an issue conspicuously present in press headlines.<sup>3</sup>

In any case, the preferential margin in the European Union market will be progressively eroded by the entry into force of the European Union–Viet Nam FTA entered into force in August 2020. As the CP-TPP has already entered into force, additional erosion of preferential margins that Myanmar is currently benefiting from will take place, especially for those CP-TPP members that are granting duty-free quota-free (DFQF) to LDCs such as Australia, Japan and New Zealand.

In terms of market access, trade preferences granted under GSP – a building block of the export performance of Myanmar – are of a unilateral nature. In fact, LDC GSP preferences depend on the LDC status of Myanmar and the conditionalities that preference-giving countries attach to unilateral preferences.

As mentioned above, the beneficiary status of Myanmar under EBA has been put under scrutiny<sup>4</sup> and the country is expected to graduate from LDC status by 2024. At the last triennial review of the LDC list in 2018 by the Committee for Development Policy (CDP), Myanmar fulfilled the graduation eligibility criteria for the first time, complying with all the three requirements of GNI per capita, Human Asset Index (HAI) and Economic Vulnerability Index (EVI). If found eligible at the next review in 2021, Myanmar will graduate from LDC status within a maximum period of three years, that is, at the latest by 2024.

Upon graduation from LDC status, trade preferences will be phased out after a transitional time period, or immediately, depending on the provisions of the preference-giving country. Thus, under any circumstances it is time for Myanmar to realize that alternative routes have to be designed and actively undertaken to maintain and improve the present export performance.

This scenario demands a reflection on how to best strategize a trade policy that softens the loss of unilateral preferences following graduation from GSP LDC status.

Negotiations of the Regional Economic Comprehensive Partnership Agreement (RCEP) are progressing; however,

<sup>1</sup> Value based on QUAD import data.

<sup>2</sup> According to article 19 of the 2012 regulation, EBAs can be withdrawn for a number of reasons. The actual grounds for withdrawal mainly concerns articles 19.1 (a) of the above-mentioned European Union regulation “of serious and systematic violation of principles laid down in the conventions listed in Part A of annex VIII” (UN and ILO Conventions on core human rights and, respectively, labour rights)”.  
<sup>3</sup> See for instance <https://www.phnompenhpost.com/national-politics/final-day-eu-get-eba-withdrawal-views>.

<sup>4</sup> *On Myanmar and Cambodia*, Cecilia Malmström, Innsbruck, Austria, 5 October 2018.



it is still to be proved if any additional market access will be provided in a timely and meaningful manner to Myanmar exports.

Given the export basket of Myanmar of manufactured exports, mainly garments and shoes to QUAD countries, it is unlikely that RCEP could absorb or become a substitute for such exports. To be perfectly clear, RCEP partners are net competitors of Myanmar rather than possible importers of garments and shoes originating in the country. The remaining exports of crops to RCEP countries, mainly beans to India and rice to China, could potentially benefit from RCEP on the condition that the existing trade preferences already available under DFQF are locked in terms of predictable market access and improved sanitary and phytosanitary (SPS) in RCEP.

What is certain is that the European Union–Japan FTA has entered into force and the European Union–Viet Nam FTA entered into force in August 2020 much earlier than any substantial improvement of regional market access, like RCEP. In addition, the resumption of the negotiations of the European Union–Thailand FTA may be expected under a newly elected Thai Government. Dynamism in joining the CP-TPP has also been recently aired by Thailand.

Furthermore, it is important to realize that graduation not only concerns Myanmar but also the neighbouring ASEAN countries. In fact, there are different forms of graduation. One of the most traditional is graduation from LDC status. However, as discussed in this study, other forms of graduation, such as graduation from GSP status, of other ASEAN partners are of concern to Myanmar since they have a direct effect, especially in the case of market access to the European Union.

In spite of the on-going aid for trade technical assistance provided to Myanmar, there is a persistent need for capacity building activity generating a genuine ownership and appreciation on the part of Myanmar Government circles and the private sector of the functioning of the international trading system as contained in WTO and/or regional trade agreements. Such system is based on a framework of rights and obligations encompassing challenges and opportunities that need to be understood, appreciated and acted upon. Many of the issues that are and will be affecting the export performance of Myanmar have been on the agenda for years but attracted little attention in terms of planning and

mounting an adequate trade policy response. Two glaring examples are the re-imposition of duties on rice following a European Union investigation under EBA and the lack of preparation and initiatives for the entry into force of the European Union–Viet Nam FTA. In both cases, it appears that little action has been undertaken to prepare a defence against the re-imposition of duty on exports of Myanmar rice to the European Union<sup>5</sup> and coordinate such a defence with Cambodia during the safeguard procedure. There are no signs of concern for the erosion of trade preferences deriving from the entry into force of the EU–Vietnam FTA.

The on-going and overlapping trade initiatives present in the Asian region, mainly the RCEP and CP-TPP, are offering both prospects and challenges for Myanmar. One of the challenges is to better understand in concrete terms and at sector level what these challenges and opportunities are and to assess:

- (a) The value added to be part or accede to these mega regionals;
- (b) The concessions that Myanmar is expected to make under the respective initiatives.

Given the overlapping and concurrent trade preferences and arrangements of which Myanmar is beneficiary, the analysis carried out in this study is complex due to the different layers of preferential market access already existing, some deriving from the LDC status of Myanmar, such as EBA or DFQF, others deriving from the FTAs that the country, as part of ASEAN, has entered into with Australia, New Zealand, China, India and Japan. Further information is provided in the tables contained in the annex.

As discussed in this study, the effective market access and utilization rates of the ASEAN FTAs with dialogue partners (Australia, New Zealand, China, India and Japan) are difficult to assess given the rather opaque status of implementation and the scarce availability of trade data on their effective utilization, with the notable exception of the ASEAN FTA with Japan.<sup>6</sup> Further information is contained in the tables in annexes.

Given that Myanmar is benefiting from DFQF schemes granted by a number of RCEP and CP-TPP partners, a preliminary assessment has been carried out in section 3 of this study to evaluate what value added in terms of preferential margin and better rules of origin both RCEP and CP-TPP are offering in comparison with the existing market access conditions that Myanmar

<sup>5</sup> In comparison, Cambodia attempted a defence against reimposition of duties by hiring a legal counsellor to submit rebuttal arguments to the European Union and to participate in the procedure. Following the decision by the EU Commission to impose duties Cambodia is presently challenging such a measure at the general court.

<sup>6</sup> As discussed in section 3.3 in the case of Japan.

is already entitled to under the current preferential arrangements, either as a member of ASEAN and/or as an LDC.

In addition to such market access dimensions in terms of tariffs and rules of origin, both RCEP and CP-TPP encompass a number of additional trade disciplines of a WTO-plus<sup>7</sup> and WTO-extra<sup>8</sup> nature that need to be assessed. Such topics deserve separate studies on their own to be carried out under a forthcoming ASEAN LDC regional initiative to coordinate ASEAN LDCs position and provide the necessary research and capacity-building activities.

Given this scenario, Myanmar needs to quickly assess and mature the option of reformulating its overall trade policy as a matter of utmost priority. In particular, the following options should be explored:

- (a) Relations with the European Union beyond EBA including the possibility of entering into an FTA with it;
- (b) Assess the value added of RCEP in addition to the existing trading arrangements that Myanmar already enjoys with RCEP countries;
- (c) A deep analysis of the cost and opportunities of joining the CP-TPP.

Some of these options would represent a substantial negotiating challenge for Myanmar since FTAs with the European Union and CP-TPP encompass many more disciplines than simple trade in goods aspects. This holds especially true for the CP-TPP, which includes disciplines on trade environment, IPRs, and investor/State disciplines that, while debated already in the literature, must be related and tailored to the Myanmar case.

This study examines the facts and figures that are underscoring this new vision of Myanmar's trade policy. It provides some initial findings on the following issues:

- (a) An analytical review of the trade performance of Myanmar, including a detailed comparative examination of utilization rates of the various trade preferences;
- (b) An assessment of RCEP tariff concessions and rules of origin comparing them with the existing preferential tariff arrangements available to Myanmar under the GSP schemes and ASEAN FTAs with dialogue partners;

- (c) An evaluation of the CP-TPP tariff concessions and rules of origin comparing them with the existing preferential tariff and rules of origin arrangements available to Myanmar under the GSP schemes and ASEAN FTAs with dialogue partners;

- (d) A short review of other components of market access, namely SPS measures applicable to Myanmar exports and ways and means to address them.

This study outlines a series of trade policy options to reformulate Myanmar's trade agenda in a proactive way and in coordination with ASEAN LDCs. Given the graduation from LDC status that may be expected in 2024, exclusive reliance on unilateral trade preferences does not seem to be a viable option. Overall and most importantly, Myanmar needs to become an active player in the regional and multilateral negotiating context to adequately represent its trading interests. It has to develop the consciousness that its future lies beyond LDC status and build the necessary confidence and technical skills to represent its trade interests in regional and multilateral scenarios.

On the basis of the above-mentioned findings and analysis the following recommendations are made:

### **Developing interministerial coordination or institutions for a trade negotiating and implementation machinery**

The present negotiating machinery of Myanmar should be overhauled and made more effective with a time-bound response based on research and constructive negotiating proposals. At present the different portfolios of negotiations, that is, tariffs, rules of origin, services, SPS and TBT appear to be scattered among ministries with little coordination and common strategic vision. Such a situation has to be redressed as a matter of priority to develop a common and shared vision of a trade policy strategy in the Myanmar Government and to communicate effectively such a new course to the trading partners at regional and multilateral levels.

In particular, an adequate mechanism needs to be established among the MOC, the delegation of MOC at WTO in Geneva and the Ministry of Foreign Affairs to ensure that the trade interests at stake for Myanmar are to effectively and timely represent the trade interests of Myanmar at WTO.

<sup>7</sup> "WTO-plus" (WTO+): Commitments building on those already agreed to at the multilateral level, for example a further reduction in tariffs. See *Beyond the WTO? An anatomy of EU and US preferential trade agreements*, by Henrik Horn, Petros C. Mavroidis and André Sapir.

<sup>8</sup> "WTO-extra" (WTO-X): Commitments dealing with issues going beyond the current WTO mandate altogether, for example on labour standards. Source: see footnote 7.



## Trade relations with ASEAN

Overall, Myanmar should openly discuss and revisit with ASEAN partners its negotiating position to be able to negotiate as an ASEAN LDC in external trade relations and coordinate such a stance with other ASEAN LDCs. It should be made clear with ASEAN partners that a new course of action in ASEAN external trade relation should be undertaken with the following priorities:

- (a) The implementation of the AEC agenda should be fast-tracked with specific provisions to take into due account the ASEAN LDC position within ASEAN and the deterioration of market access due to different external trade agenda of ASEAN countries with dialogue partners and the European Union.
- (b) Myanmar together with other ASEAN LDCs should initiate a positive agenda aimed at negotiating current and future FTAs as an ASEAN LDC group. It should be made clear that while maintaining the integrity of ASEAN, the ASEAN LDCs should negotiate as distinct subgroup of ASEAN. This means, for instance, that FTA partners adopt differentiated ASEAN offers, one for ASEAN and a second one for ASEAN LDCs to take into account their special and different situation. It is simply not proper that ASEAN LDCs are treated in the same league as higher-income ASEAN countries. The RCEP negotiations were an ideal candidate to be a testing ground to advance this negotiating position.
- (c) To this effect, MOC should take the lead in conducting internal and external consultations as soon as possible with other ASEAN LDCs at the earliest opportunity.

## Trade relations with the European Union

Myanmar and other ASEAN LDCs should take the initiative to enter into a trade policy dialogue with the European Union to define a new trade relation that goes beyond EBA.

ASEAN LDCs are expected to graduate from LDC status in the near future<sup>9</sup> and the current market access under EBA that has been a crucial factor in their export performance is going to be progressively eroded by the ASEAN FTAs.

The combined effects of these two looming events require timely and concrete actions such as:

- (a) Prepare a short roadmap for a new partnership between ASEAN LDCs and the European Union;
- (b) Convene a meeting at high level among the ASEAN LDCs to agree on a roadmap for trade relations with the EU;
- (c) the ASEAN LDCs should request a meeting with the newly appointed EU Trade Commissioner to discuss such a new partnership.

In addition, Myanmar will have to undertake actions at technical level to prepare the ground for extended cumulation with Viet Nam and explore possible ways to cumulate with Japan.

Such actions should be undertaken as soon as possible to relay a message to garment manufacturers that the Government is actively pursuing a viable trade strategy.

## Trade relations with Japan

Trade relations with Japan are governed by the GSP for LDCs and the ASEAN dialogue FTA with Japan. Trade figures suggest that the Japan GSP for LDCs is mostly used by Myanmar.

In the context of the GSP preferences, Myanmar with other ASEAN LDCs should prepare a document clearly outlining the improvements that Japan may make on the product-specific rules of origin (PSRO) and on cumulation during the periodical review held each decade now due in 2021. This document should be submitted to the WTO Committee on Rules of Origin (CRO) as discussed during the CRO meeting of 15-16 May 2019. Such an action should be followed by an official visit of the ASEAN LDCs to the Ministry of Industry and Trade and Ministry of Finance in Tokyo to secure follow up and commitment in adopting a reform of rules of origin under the Japanese GSP.

In a parallel fashion, Myanmar and ASEAN LDCs should begin to study the possibility of having a series of bilateral FTAs with Japan that provide better market access than the present Japanese GSP, the ASEAN FTAs and RCEP. A study should be conducted in this regard to compare the different concessions that Japan has made towards other partners to secure and argue for better preferential margins when negotiating as ASEAN LDCs.

<sup>9</sup> See footnote 49.

## Trade relations with India

The analysis of the trade flows carried out in table 1 clearly shows that India remains an important market for Myanmar even for a single agricultural product, that is, beans, with \$317 million exports to India in 2017. In this area there is an urgent issue that needs to be addressed as the utilization rates of the DFQF granted by India to Myanmar show a close-to-zero utilization as discussed in section 3.1.3. This current status of affairs as well as the decision by the Government of India to impose import quotas and to negotiate the price of beans and pulses should be reviewed in the light of India's commitment in WTO to verify their consistency. In particular, the issue of utilization rates needs to be clarified at the earliest opportunity during the next CRO meetings.

Myanmar and other ASEAN LDCs should make sure that the RCEP provisions on safeguards and import quotas contain WTO-plus elements that permit an enhanced dialogue with India.

With the above-mentioned findings and analysis, the following recommendations are made:

- (a) Myanmar with other ASEAN LDCs should raise specific concerns over the close-to-zero utilization rates of the DFQF measures applied by India on bean imports and other related agricultural products in the next session of the WTO SPS committee.
- (b) Myanmar should check the WTO consistency of India import quotas and internal price mechanisms and enter into a bilateral dialogue to address and stabilize the trade relation with India on beans and pulses as well as other agricultural products.
- (c) Myanmar and other LDCs should coordinate negotiating positions to develop a common negotiating stance towards India. A document detailing where improvements could be made to the current rules of origin provided by India should be prepared by ASEAN LDCs and presented at the next CRO meeting. Subsequently, Myanmar and other ASEAN LDCs should launch initiatives to follow up on this matter to obtain better market access and rules of origin.

## Trade relations with China

The analysis of the trade flows presented in table 1 clearly shows that China could be a potential market for exports of rice, agricultural products and processed foodstuffs. On the other hand, non-tariff barriers pose one of the main obstacles to enter the Chinese market. That is, obstacles faced by Myanmar are not only confined to tariffs but also factors such as sanitary and phytosanitary (SPS) requirements. In the context of WTO, the SPS committee has been established to provide a forum for discussion and exchange of information. According to the SPS Information Management System (IMS) database, WTO members have raised 31 specific trade concerns on the SPS measures applied by China.

Myanmar and other ASEAN LDCs should make sure that the RCEP provisions on SPS contain WTO-plus elements that permit an enhanced dialogue with China and, where possible, equivalence and mutual recognition agreements.<sup>10</sup>

With the above-mentioned findings and analysis, the following recommendations are made:

- (a) Myanmar together with other ASEAN LDCs should raise specific concerns over the SPS measures applied by China on rice imports and other related agricultural products in the next session of the WTO SPS committee.
- (b) Myanmar should develop a negotiating strategy with other ASEAN LDCs to ensure that the RCEP provision on SPS contains WTO-plus elements that could facilitate market access to China.

## Negotiating and implementing RCEP

The RCEP negotiating text has not been made available during the course of this study. Only limited information could be retrieved from other sources. On the basis of the preliminary information and a preliminary examination of tariff offers, RCEP does not seem to provide substantial improvements with respect to the market access that Myanmar is already being granted as part of the LDCs, or ASEAN and ASEAN FTA networks with dialogue partners. The tables in the annex provide a number of detailed observations.

<sup>10</sup> For instance the European Union-Viet Nam SPS provisions contain a number of possible suggestions on how to develop some WTO-plus disciplines.

The crippling factor of RCEP is the architecture of the tariff offer, since the RCEP partners have made a single offer for all ASEAN countries or towards all RCEP partners. This means that Myanmar is treated in terms of market access the same way as Singapore or Malaysia, while there is a clear divide in terms of export capacity and level of development between these countries and Myanmar. This element alone casts serious doubts over the value added of RCEP in terms of market access granted to Myanmar with respect to previous agreements and LDC arrangements from which Myanmar is already benefiting.

Added to this, a RCEP negotiating text on rules of origin made available during the drafting of this study is 111 pages long and the Excel texts of product-specific rules of origin is over 6,000 lines. These figures alone provide a glimpse of the complexities of the negotiations. Once again there is no provision, at first reading, for special and preferential treatment in the area of rules of origin for LDCs. At the time of this writing the final text is not yet public and subject to legal scrubbing. As soon as the legal text is made available an unbiased assessment should be made to identify to what extent RCEP provide additional market access to Myanmar.

Unless substantial progress is made in the last rounds of negotiations, the initial reading of the drafts of RCEP provides little scope for increased market access for Myanmar. The only advantage of the agreement would be to “lock-in” into a contractual agreement unilateral trade preferences.<sup>11</sup> Even this assumption would have to be further assessed.

The fact that Myanmar may graduate from LDC status in a foreseeable future should not mean to forfeit in advance its negotiating position as an LDC during the negotiations of Regional Trade Agreements (RTAs) like RCEP.

On the basis of the above-mentioned findings and analysis the following recommendations are made:

- (a) As a matter of priority, Myanmar together with other ASEAN LDCs should insist in making a common position during the implementation phase with RCEP partners arguing for special and differential treatment as LDCs.
- (b) In taking informed positions during the RCEP negotiations, an overall and product-specific

assessment has to be made using the methodology adopted in table 9 to measure what additional market is granted under current RCEP, and implementation objectives should be set accordingly. For instance, it seems that the common ASEAN negotiation position on rules of origin for garments is more stringent than those of other RCEP partners.

- (c) An overall assessment should be made of the value of RCEP with respect to trade in goods, services and other trade-related aspects. As the text has not been made public, it is not possible to provide even an initial assessment.

### Negotiating CP-TPP accession

The CP-TPP agreement is a modern FTA encompassing a series of WTO-plus and WTO-extra disciplines both in terms of coverage and in depth. The preliminary analysis of the CP-TPP with respect to market access and rules of origin is similar to RCEP in the sense that the CP-TPP may not bring Myanmar additional market access to what has been already been granted under different arrangements thanks to its current LDC status or as member of the ASEAN FTAs with dialogue partners. The complex rules of origin of the CP-TPP, especially in the garment sector, do not reflect the present capacity of Myanmar's garment industry.

However, reading a complex agreement such as the CP-TPP uniquely through the lenses of tariffs and RoOs offers a very limited perspective of the trading opportunities and challenges that the agreement may bring to Myanmar. First of all, as in the case of the RCEP, the trade preferences granted under an FTA are not unilateral and are more permanent and stable in nature.

The CP-TPP is based on a series of rule-based, market-oriented systems that offer predictability for investors but also challenges for countries like Myanmar. The situation is further exacerbated by the fact that some of the main competitors of Myanmar, such as Viet Nam, are on a double or triple track<sup>12</sup> scenario since some of these competitors (a) participate in RCEP, (b) are members of the CP-TPP, (c) have entered FTAs with the European Union. It follows that such multiple track routes adopted by other ASEAN countries attracts investors to such locations, since this provides them with multiple access to markets, in contrast to other locations, such as ASEAN LDCs, that are only engaged in RCEP.

<sup>11</sup> These unilateral trade preferences are those granted under DFQF and related rules of origin by Australia, China, India, Japan, New Zealand and the Republic of Korea. However, it needs to be assessed whether the tariff offers and rules of origin in RCEP are equivalent or better than those granted under the current DFQF by these preference-giving countries.

<sup>12</sup> Viet Nam is member of (a) CP-TPP, (b) RCEP, (c) and is part of the network European Union-ASEAN FTAs. In addition, Viet Nam has entered a series of bilateral FTAs such as the Viet Nam-Japan FTA.

Overall, the main challenge for Myanmar is to put more resources into assessing the values of the various options and conducting a series of consultations to assess the terms and conditions for acceding to the CP-TPP.

On the basis of the above-mentioned findings and analysis the following recommendations are made:

- (a) A deeper and comprehensive assessment of the CP-TPP should be conducted and consultations should be initiated with other ASEAN LDCs for a possible joint initiative to accede to the CP-TPP as an ASEAN LDC group;
- (b) Informal consultations should be initiated either directly or indirectly to identify the possible flexibilities and carve out what may be discussed upon accession, especially on ISDS provision and other aspects.

### Preparing for the next World Trade Organization Ministerial Conference

It is highly recommended that Myanmar and ASEAN LDCs make full use of the opportunities offered by the multilateral trading system to flag their issues and undertake parallel initiatives to those undertaken at regional level. Every opportunity to show that Myanmar and ASEAN LDCs are engaged in the multilateral track should be exploited to show to partners that Myanmar is an active player in international trade.

More precisely it is recommended the following actions should be undertaken:

- (a) Establish a consultation mechanism among the ASEAN LDC delegations at WTO and in capitals to coordinate negotiating positions and initiatives on the issues to be discussed in forthcoming WTO negotiations, namely e-commerce, investment facilitation, MSME and other themes;
- (b) Prepare intensively for the next CRO meetings and initiate consultations for the possible launching of a plurilateral initiative to simplify rules of origin;
- (c) Coordinate with other ASEAN LDCs to raise joint concerns over SPS measures adopted by China on rice and other products of export interest at the next WTO SPS committee and follow up initiatives.

### Research and capacity-building

It is of paramount importance that Myanmar invests resources in further developing and studying the challenges and trading opportunities that are highlighted in this section and build the necessary capacity in the different ministries and private sector. In spite of numerous Aid for Trade initiatives present in the country there are very few resources dedicated to establishing a trained pool of trade negotiators and researchers. Such research and capacity building should assist the Government in taking informed decisions on trade policy at large and in carrying out related trade negotiations.





# 1. A NEW TRADE POLICY AND A POSITIVE AGENDA FOR MYANMAR

## 1.1 Overview of Myanmar trade performance and export pattern

Myanmar carried out the Diagnostic Integration Study (DTIS) with the assistance of the World Bank in 2016. One of main objective of the DTIS is to provide guidance and recommendations to LDCs on how best mainstream trade into their development plans.

In this context it is important to highlight one of the main recommendation of the Diagnostic Trade Integration Study to place this study on market access and trade policy into the proper context:

Diversifying away from the current over-dependence on natural resources towards other sectors with high potential, such as light manufacturing, services and sustainable agri-business. Only through such a diversification can the economy provide the employment and sources of rural income to share the benefits of increased trade.

The analysis of the trade flows a few years later reveal that albeit some progress has been recorded there are not yet significant changes in the export composition and destination.

Figure 1-1: Myanmar export destination 2010 (left) and 2017 (right), excluding HS chapter 27

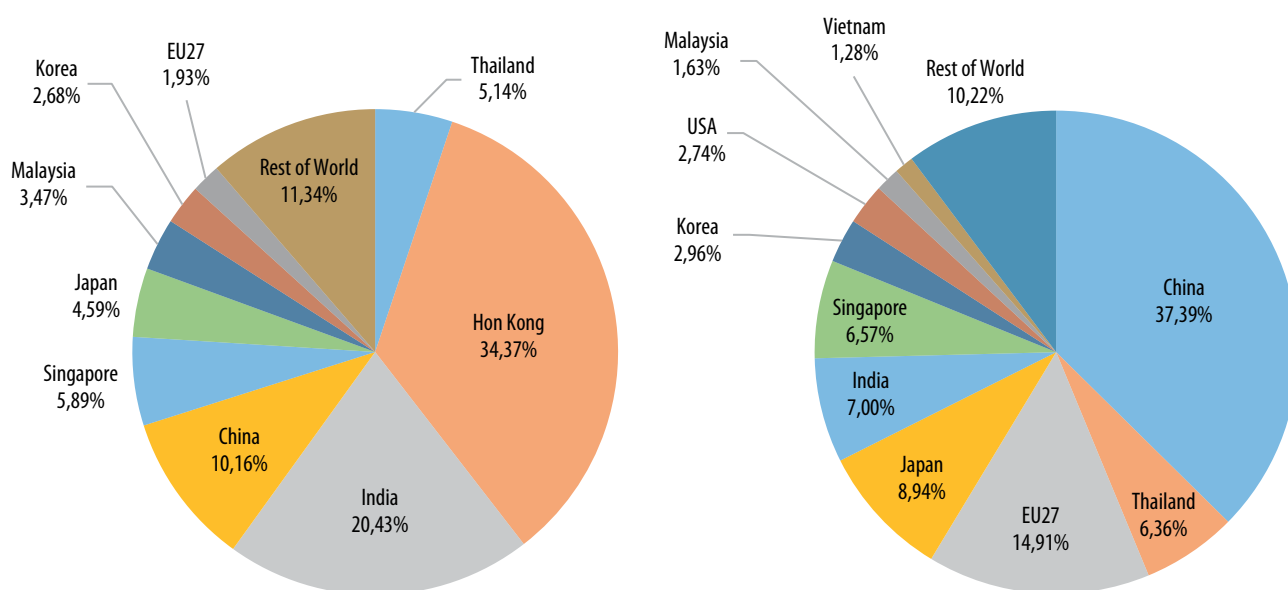


Figure 1.1<sup>13</sup> shows the change in export shares on a seven-year time horizon and summarizes important implications. Two salient features can be observed. First, there was a drastic decrease in the export share of Hong Kong, China between 2010 and 2017 which corresponds to the drastic decline in exports of precious stones (HS 71) reported in figure 1.3. Indeed, a significant amount of precious stones that used to be exported to Hong Kong, China in the past have conspicuously shrunk over the years.<sup>14</sup>

Second, there is a considerable jump of export share both to the European Union and to China. In the case of the European Union this is due to the reinstatement of EBA in 2013 and in the case of China following the signing of the bilateral agreement of 2008 for the supply of gas to the country for the next 30 years.

From 2010 to 2017 ASEAN markets have increased from 4.4 per cent to 8.6 per cent but this is still not making a significant difference in overall destination basket, while China has significantly increased its market share from a meagre 10 per cent to above 37 per cent, showing a shift from ASEAN (mainly Thailand) to China, albeit that exports of HS 27 to Thailand still occupies a higher share than China.

The shift of exports from ASEAN to China is almost exclusively due to liquefied gas as shown in figure 2 and is mainly due to a series of foreign investment projects led by the Republic of Korea and supply contracts entered by the Government of Myanmar with China.<sup>15</sup>

Apart from this trend, it is most important to point out that immediately after the lifting of sanctions there has been a consistent increase of volume of exports to QUAD countries, and as outlined below the composition of these exports is largely garments showing a recent diversification trend of export composition.

Exports to Japan, the European Union and United States of America increased their shares from 4.02 per cent to 19.08 per cent. That is, the share to the European Union rose from 1.93 per cent to almost 15 per cent, and the export share to Japan rose from 4.59 per cent to 8.94 per cent. In comparison to Cambodia's goods export, the United States market does not occupy a strategic position in Myanmar export destinations with only 2.74 per cent.

As can be seen comparing figures A.2 and A.3 in annex B to this study, exports to ASEAN members consist mostly of natural gas to Thailand, as further documented in the next subsection. Between 2010 and 2017, exports to ASEAN regional partners have fluctuated between a minimum of \$3.3 billion in 2012 and a maximum of \$6.5 billion in 2013. Excluding HS chapter 27, the data on exports to ASEAN members show a progressive increase over the years but with values that are significantly lower -- a minimum export value of \$799 million; in 2010 and a maximum value of \$1.7 billion in years 2013 and 2017, with a slightly higher export value in the former than the latter.

Figures A.1–A.3 (annex B) also confirm the significant expansion of Myanmar total exports to China even after excluding HS chapter 27. We observe a progressive rise from \$476 million in 2010 to \$3.7 billion in 2017. Such an export increase is to be attributed to agricultural products including rice, seeds and sugar. Ores and precious stones also contributed to the increase of exports to China. In contrast, exports to India, albeit of a considerable size, have been constant for the last decade with the exception of a peak observed in 2012.

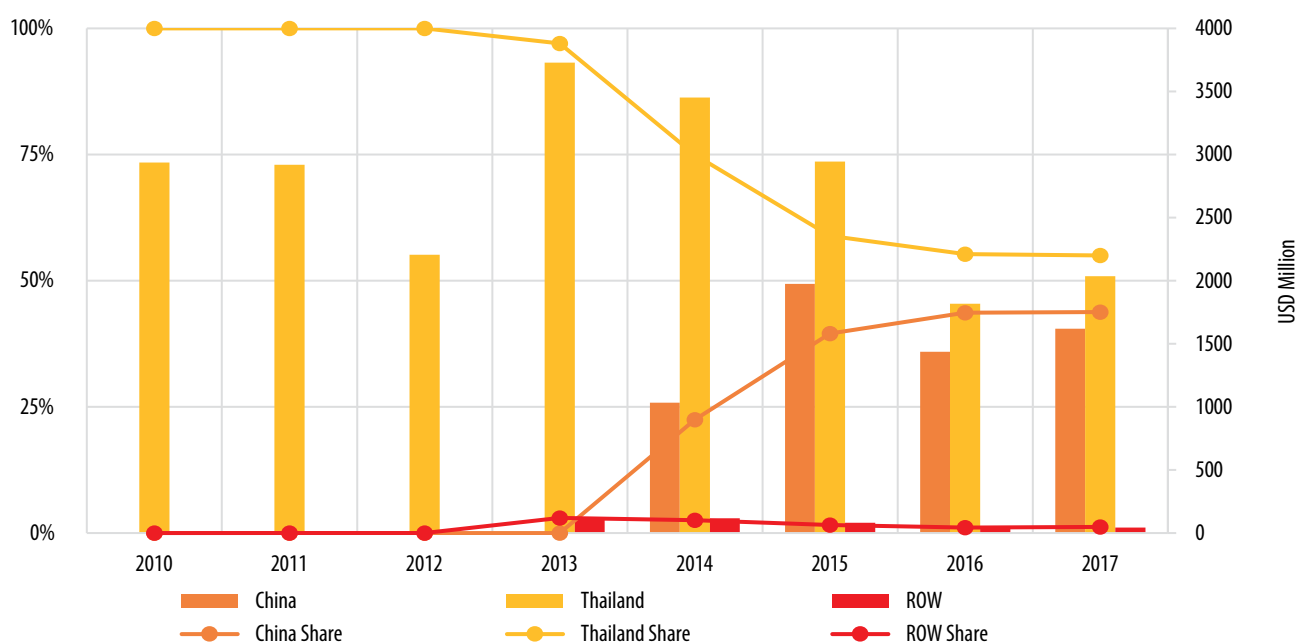
<sup>13</sup> In most export figures presented in this section, export values of HS chapter 27 reported under figure 1.2 have been excluded from the analysis. As explained under section 1.2, despite its high values, this trade flow appears not directly linked to any industrial activity and is solely reliant on specific markets.

<sup>14</sup> This issue has to be further investigated to find an adequate explanation.

<sup>15</sup> See <https://www.mmmtimes.com/news/myanmars-gas-production-dilemma.html>: "most of the gas produced is immediately exported to Myanmar's neighbours at an agreed price. For example, gas produced at the offshore Shwe and Zawtika fields is exported to China and Thailand under 30-year contracts. This is because most of Myanmar's gas contracts date back to the late 1990s, when the country was under United States sanctions. At the time, cheap gas produced onshore was sufficient for domestic consumption, so the country resorted to selling the additional gas produced under long-term contracts for income."

## 1.2 Overview of exports of selected sectors

Figure 1-2: Export shares of natural gas (HS 27) to China, Thailand and rest of the world



Liquefied natural gas (HS 27111) is the first product in Myanmar's export basket<sup>16</sup> and probably one of the most concentrated in terms of export destinations. Indeed, as shown in figure 1.2, only two major markets are served. Initially, Myanmar exports of this product were exclusively directed to Thailand (export shares of 100 per cent until 2012) but they are being

progressively replaced by China, with increasing export shares from 0 per cent in 2013, to more than 22 per cent in 2014, and eventually reaching 44 per cent in 2017.

The product composition of the exports in 2010 and 2017, excluding HS chapter 27, is summarized in figure 1.3.

<sup>16</sup> The top 19 products are reported in table 1.



Figure 1-3: Export share by HS chapters, 2010 (left) and 2017 (right), excluding HS chapter 27

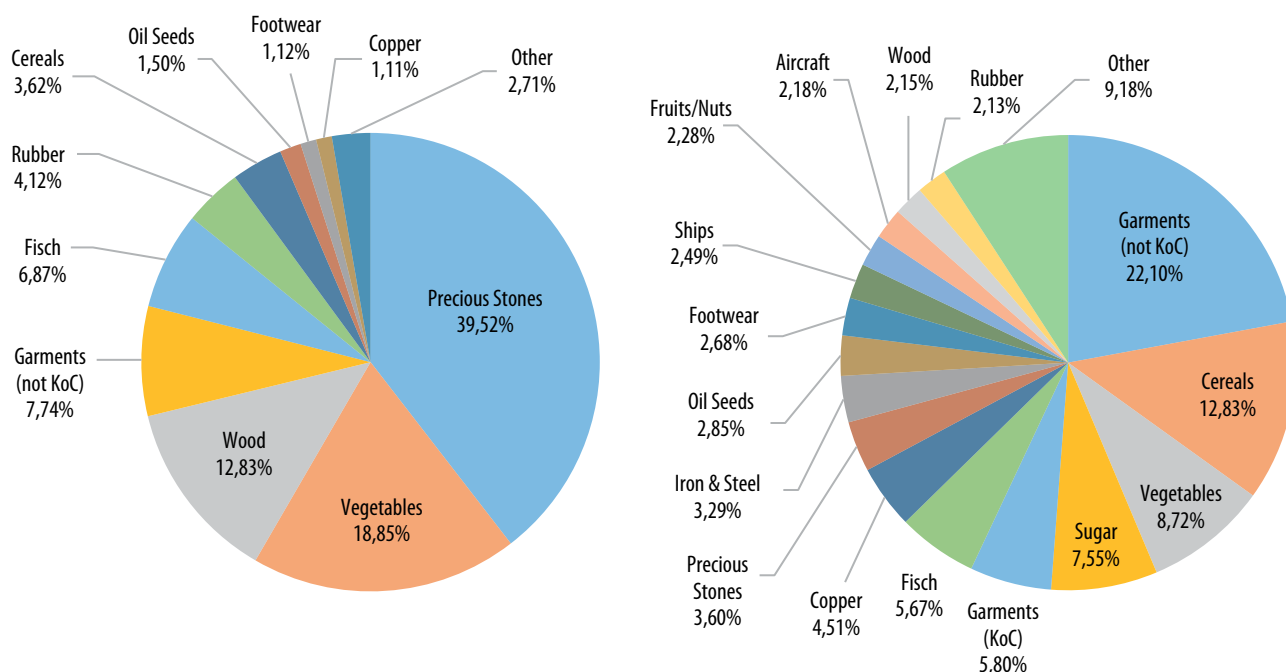


Figure 1.3 highlights the changes in product composition at the HS two-digit level, with exclusion of HS chapter 27, between 2010 and 2017. On the one hand, there are products that have increased across the seven-year period. For example, the share of garments of chapter 62 (not knitted or crocheted (not KOC)) has increased from 7.74 per cent to 22.10 per cent, and there is an increase of 5.8 per cent for garments under chapter 61 (KOC), which did not occupy a substantial share in the exports of Myanmar in 2010. Other products show a similar trend. Exports of shoes have increased from 1.12 per cent to 2.68 per cent and oil seeds from 1.50 per cent to 2.85 per cent. Cereal exports, mainly dominated by rice products, have increased from 3.62 per cent to 12.83 per cent. Lastly, copper exports also increased from 1.11 per cent to 4.51 per cent. On the other hand, products such as precious stones and wood have experienced

a drastic decline over the seven-year period, from almost 40 per cent to less than 4 per cent and from 12.83 per cent to 2.15 per cent, respectively. Vegetables follow the same trend of decline, from 18.85 per cent down to 8.72 per cent, rubber from 4.12 per cent to 2.13 per cent, and fish from 6.87 per cent to 5.67 per cent.

Most importantly, as shown in figure 1.3, multiple newcomers appeared in the export basket, even though with modest trade flows:

- Sugar products with 7.55 per cent: top export products include HS 170199 and HS 170191;<sup>17</sup>
- Garments (KoC) with 5.8 per cent: top export products include HS 6110 and 6102;<sup>18</sup>
- Iron and steel with 3.29 per cent: top export products include HS 720260 and HS 720827.<sup>19</sup>

<sup>17</sup> HS 170199 and HS 170191 are product varieties of cane or beet sugar.

<sup>18</sup> HS 6110 are product varieties of jerseys, pullovers, cardigans and waistcoats, while HS 6102 are women's or girls' overcoats, car-coats, capes, and the like.

<sup>19</sup> HS 720260 is ferro-nickel, in granular/powder form, while HS 720827 is flat-rolled products of iron/non-aluminum.

### 1.3 The actual positioning of Myanmar in the international trade scene and potential leading role of an ASEAN least developed country agenda

This analysis of Myanmar trade flows shows that besides the buoyant export performance of the last years, exports remain heavily concentrated in terms of products and destinations. This is a sign of fragility and exposes the country to trade shocks. Changes of market access due to the moving trade environment may induce factories to shift their location.

Myanmar is dependent on a handful of country-product pairs and destinations such as:

- (a) European Union market for garments exports;
- (b) India for beans;
- (c) China for natural gas, rice and sugar.

As detailed in table 1 further below once the export volume and overall impact on the country economy of natural gas and China is considered, it is important to emphasize that the exports of garments, shoes and beans are closely interconnected to employment, rural development and manufacturing capacity. Yet, as identified in this study, market access and exports of these three products are subject to externalities linked to trade policy choices and actions that need to be undertaken by Myanmar to stabilize market access. Most importantly, the European Union is presently engaged in a series of negotiations or trade initiatives that are set to profoundly modify market access as discussed in this study; and the trade policy of India is rather unstable, as recently shown by the withdrawal from RCEP in 2019, and the overall negotiating stance of India in WTO. In addition, the overall dynamism of some ASEAN countries, such as Viet Nam, to enter FTA initiatives may affect Myanmar as a location for foreign direct investment (FDI).

Deterioration or erosion of the preferential market access to the European Union could provoke a series of business decisions by manufacturers currently located in Myanmar. In addition, albeit showing some dynamism, the regional markets, notably ASEAN and China, are not a substitute for market access to

the European Union and Japan in the short term for garments and shoes.

ASEAN and China are not only competing on the same products exported by Myanmar to the European Union and Japan, but the regional market access provided by ASEAN FTAs dialogue partners is not equivalent to the one of the European Union in terms of tariff and rules of origin. An early analysis of RCEP texts, carried out in section 3, indicates that RCEP may not be a substitute or could not improve drastically the existing market access that Myanmar might benefit from the existing ASEAN FTAs in combination with DFQF initiatives.

The CP-TPP has now entered into force and is expected to provide increased market access to the most formidable competitor of Myanmar, this being Viet Nam. Albeit constrained by stringent rules of origin demanding a yarn forward triple transformation, Viet Nam is set to progressively gain increased market access to Canada for garments as well as exploiting the provisions made in CP-TPP for products in short supply.<sup>20</sup>

It is important to realize that the actual trading scenario rapidly taking shape around Myanmar is also valid for the other ASEAN LDCs that have also substantially benefited from unilateral trade preferences. In fact, both Cambodia and the Lao People's Democratic Republic, albeit to a different extent than Myanmar, are heavily dependent on garment exports and other products showing high utilization rates of EBAs and other unilateral trade preferences.<sup>21</sup> The buoyant performances of these two other ASEAN LDCs are equally subject to erosion of trade preferences described above for Myanmar. In the case of Myanmar, as well as Cambodia, the EBA trade preferences are also subject to high degree of uncertainty due to non-trade related conditionalities.<sup>22</sup> Yet for Myanmar there has not been any formal step to initiate the suspension of EBA as in the case of Cambodia.

What is most important to underscore is that not only the trade scenario is similar for the ASEAN LDCs but also the trade policy response from the respective Governments. Cambodia, the Lao People's Democratic Republic and Myanmar, the ASEAN LDCs, have been so far equally unable to mature an adequate trade policy strategy and roadmap to respond to and counteract a trade scenario that is progressively marginalizing their economies and reducing the market

<sup>20</sup> See CP-TPP 11 appendix 1 to annex 4-A, textiles and apparel product-specific rules of origin.

<sup>21</sup> In 2017, utilization rates of European Union trade preferences averaged of Cambodia, the Lao People's Democratic Republic and Myanmar amounted respectively to 95.6 per cent, 94.7 per cent and 94.0 per cent.

<sup>22</sup> See <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1981> for further details.

access opportunities that have been a key element to their recent economic growth.

In order to quickly react to the current situation, there is an urgent need to develop an individual and collective coordinated policy response by ASEAN LDCs to be brought forward in the different negotiating forums. Recently,<sup>23</sup> the Geneva-based delegates of the ASEAN LDCs have taken part in a first meeting to initiate such a progress with a respective message to their capitals outlining the scope and merit of an ASEAN LDC coordinated strategy. Such an initiative stemmed from the experience gained by Cambodia during the negotiations of the WTO Nairobi Decision where Cambodia reached out for support from other ASEAN LDCs to advance its request to redress the imbalances

arising from the exclusion from ASEAN cumulation of Malaysia and the future implications arising from the European Union–ASEAN FTAs. These first signs of collaboration of Geneva-based Delegates of ASEAN LDCs have been affected by the COVID -19 crisis.

**It is recommended that as a matter of priority Myanmar reaches out to other ASEAN LDCs to establish a consultative and coordinated group among capitals and Geneva-based delegations at WTO to build up a coordinated positive agenda as suggested in this chapter. Through this mechanism, the ASEAN LDCs should be able to quickly develop a more assertive and autonomous positive agenda in the different negotiating scenario in WTO and at regional level as further outlined in section 5.**

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<sup>23</sup> A first meeting was held in December 2018 between the Ambassador of Cambodia to WTO and the counsellors of Myanmar and the Lao People's Democratic Republic.

## 2. MYANMAR AND THE EMERGING TRADE CHALLENGES – THE EROSION AND LOSS OF PREFERENTIAL MARKET ACCESS AND RULES OF ORIGIN AND THE QUEST FOR ALTERNATIVES

### 2.1 The erosion and/or loss of trade preferences

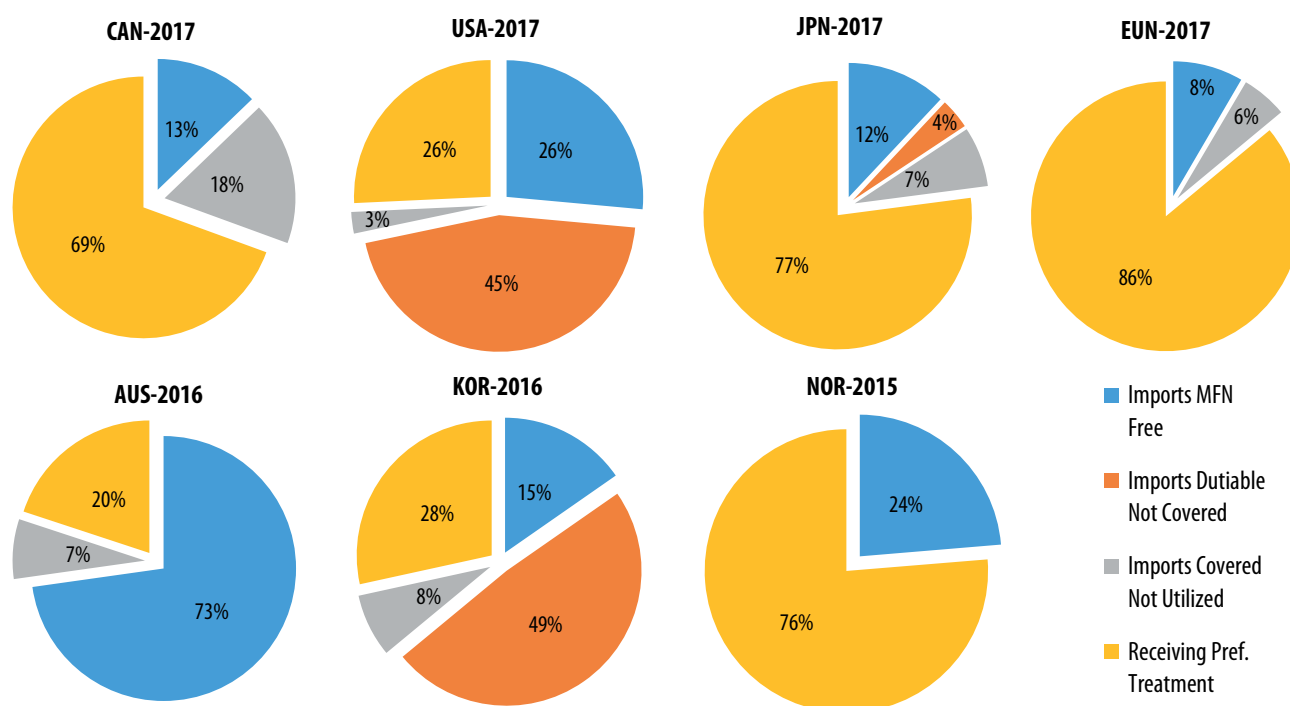
Tariff preferences have played an important role in determining the growth of Myanmar's exports during the last decade and even more pronouncedly in the recent years. Myanmar exports enjoy duty-free market access under a variety of duty-free quota-free (DFQF) programmes that developed, and some developing countries have put in place for LDCs.

Figure 2.1 and figure 2.2 show the preponderant importance of trade preferences in Myanmar current market access especially for manufactured products. The amount of trade volume that received European

Union preferences amounts to almost \$1.5 billion in 2017 and \$861 million in the Japanese market. Although of a different size, Myanmar is also enjoying trade preferences in Australia, Canada, Norway, the Republic of Korea, and the United States, as presented in figure 2.1 below.<sup>24</sup>

In addition, Myanmar is benefiting from duty-free access within ASEAN and from the trade preferences under the FTAs concluded by ASEAN with ASEAN dialogue partners. There is a series of findings<sup>25</sup> indicating that these regional preferences have not been fully utilized due to inherent complexities that are far from being addressed even under the ASEAN Economic Council (AEC) initiative and ASEAN Trade in Goods Agreement (ATIGA).

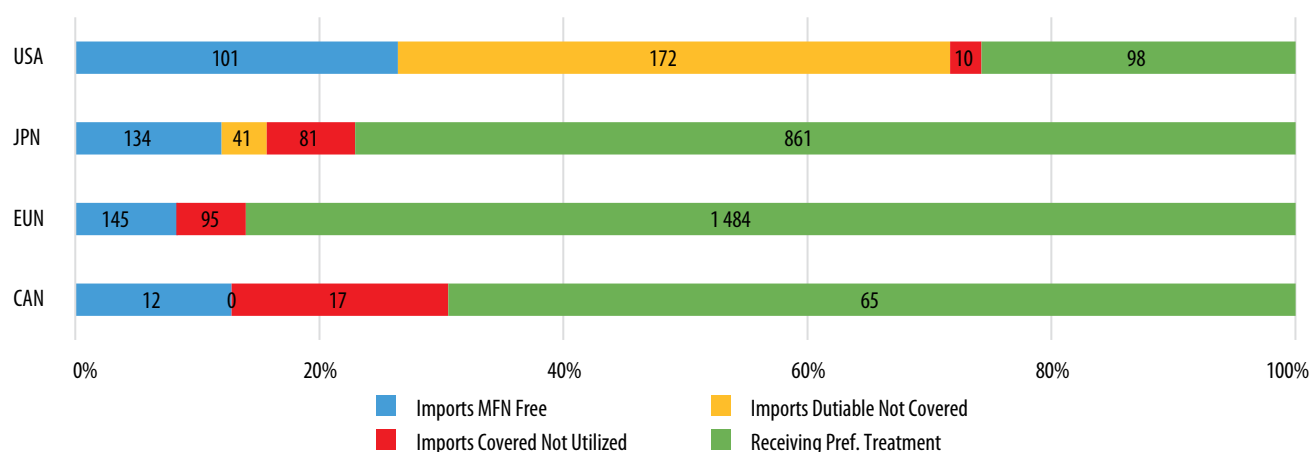
Figure 2-1: Utilization of preferential scheme



<sup>24</sup> Although Chile and India provide DFQF to LDCs, there is a relatively low level of utilization of trade preferences to ASEAN LDCs especially in the case of Myanmar, hence, they are not presented here.

<sup>25</sup> See Rules of Origin in ASEAN: A Way Forward, Stefano Inama and Edmund Sim, Cambridge University Press, 2015.



**Figure 2-2: Preferential imports granted by QUAD to Myanmar, 2017 (millions of United States dollars)**

The duty-free access provided by preferential trading arrangements dramatically improves Myanmar's competitive position, especially for products where MFN duties are high. In the European Union, for example, the average MFN (that is, non-preferential) import duty on garments is 12 per cent, while the MFN duties on shoes is 10 per cent.<sup>26</sup> Under the European Union GSP for developing countries the preferential margin is only of 3.5 per cent for the majority of products and 20 per cent cut of MFN rate for garments i.e. making the preferential rates of duty 9.6 per cent instead of 12 per cent.

These differences of applicable import duties in preference-giving countries could be large when compared to profit margins and increase significantly in some cases doubling the profitability of export-oriented production in Myanmar, as compared with export production of the same goods in a country that does not enjoy duty-free privileges. This, in turn, provides an important incentive to invest and expand exports in those sectors in Myanmar provided that such margins are stable.

The duty-free access that Myanmar enjoys under various trade preference arrangements has been one of the key elements explaining the rapid growth and changing destinations of Myanmar's manufactured exports. This aspect has to be examined in light of the changing trade scenario as the key determinant of export performance in the period ahead.

It should be noted that in 2018, at the last triennial review of the LDCs list, the Committee for Development Policy (CDP) concluded that Myanmar was pre-eligible for graduation. With a GNI per capita of \$1,255 (> \$1,230), a Human Asset Index (HAI) of 68.5 (> 66) and an Economic Vulnerability Index (EVI) of 31.7 (< 32), the country met the three graduation thresholds. To be recommended for graduation, Myanmar has to be found eligible at two consecutive triennial reviews in fulfilling at least two of the three criteria. Therefore, if Myanmar maintains its position (or still meet two out of the three graduation thresholds) at the next review, the country will be recommended in 2021. The effective date of graduation would therefore lie between 2021 and 2024 given the possible grace period of three years.

Independently but linked to the issue of graduation from the LDC status is the preference erosion that Myanmar and other ASEAN LDCs are suffering from the parallel trade initiatives undertaken by their ASEAN neighbours and in the region overall.

As discussed in the sections that follow, the real challenge for Myanmar and other ASEAN LDCs is the dynamism of the trade scenario in the Asian region, where a number of neighbouring countries are engaged in triple track negotiation in different trade agreements such as RCEP, CP-TPP and European Union–ASEAN FTAs.

<sup>26</sup> Ranging between 3.5 and 17 depending on the tariff line considered.

Table 1 has been assembled to identify to what extent the markets of China and India could be a substitute for the preferential market access to QUAD countries that may deteriorate in the near future. The table shows the top 19 most-exported products at the HS six-digit level of Myanmar to the world in descending order by export value. These most-exported products from Myanmar are matched with the import trade values of the same products of China and India, the two major markets that could replace QUAD countries as recipients of Myanmar's major exports.

The table clearly shows that China and India are not substitute export markets for garments to the European Union and Japan. Just a handful of Myanmar's top garment exports<sup>27</sup> to the European Union and Japan totals almost \$590 million<sup>28</sup> while China and India only import \$247 million from the world.

Conversely, both India and China appear to be possible markets for rice, sugar and other agricultural exports provided that SPS measures are met in these countries and that there are no other NTMs limiting market access.

Currently, Myanmar is one of the first principal suppliers for dried beans and the second principal supplier of husked brown rice<sup>29</sup> to China. In the case of India, Myanmar also occupies the place of first principal supplier of husked brown rice.

Hence, the trade policy actions of Myanmar should be, in the short run, directed to stabilizing access to the European Union and Japan on the existing exports and gaining increased market access in China and India, especially by eliminating the NTMs that may hamper or restrict market entry.

<sup>27</sup> This includes namely men's jackets, suits and shirts and women's blouse and shirts.

<sup>28</sup> Values are calculated from Myanmar's export to the European Union and Japan for the following products: HS 620339, HS620319, HS620690 and HS620520.

<sup>29</sup> The Lao People's Democratic Republic, another ASEAN LDC, is the top competitor of brown rice exports of Myanmar to China. The total export of both ASEAN LDCs account for almost the total world import of China for husked brown rice.

Table 1: New market prospects for Myanmar most exported products – China and India as possible recipients of Myanmar supply capacity, 2017

HS code	Product description	MMR exports (\$ thousands) and shares ( per cent)										Chinese Import (\$ thousands) from										Indian Imports (\$ thousands) from										
		To world					To 1st dest.					To 2nd dest.					World					1st supplier					2nd supplier					MMR
		Value	%	Cum	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value	ISO3	Value								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21												
271111	Natural gas, liquefied	2 986 970	21.6	21.6	THA	1 967 264.5	CHN	1 019 705.7	14 749 637	AUS	6 204 004	QAT	3 351 267	1 019 706	7 207 572	QAT	3 779 684	NGA	901 534.5	0												
100620	Husked (brown) rice	813 366.6	5.9	27.5	CHN	527 602.9	BGD	75 599.6	35 429.4	LAO	28 449.0	MMR	5 992.4	5 992.4	119.4	CAN	62.5	USA	52.0	0												
71331	Beans dried, shelled, w/o skimmed split	747 274.9	5.4	32.9	IND	317 205.6	CHN	170 702.6	26 416.1	MMR	11 221.7	AUS	8 318.2	11 221.7	366 508.5	MMR	269 907.9	TZA	23 987.5	269 907.9												
740311	Cathodes & sections of cathodes, of refined copper, unwrought	489 894.8	3.6	36.5	CHN	233 149.8	THA	136 792.9	19 134 529.3	CHL	6 888 211.8	IND	2 143 615.8	261 361.2	177 657.5	JPN	117 111.4	COG	41 116.5	0												
170199	Cane/beet sugar	420 323.9	3.0	39.5	CHN	419 389.0	IND	655.1	245 689.9	KOR	101 254.7	THA	93 747.1	0.1	5 205.2	EU27	2 009.9	USA	1 266.7	0												
710310	Precious stones (excl. diamonds) & semi-precious stones	359 981.5	2.6	42.1	CHN	343 522.5	HKG	16 349.4	97 277.2	MMR	31 430.7	RUS	11 287.2	31 430.7	838 229.2	HKG	471 673.7	ARE	116 974.4	0												
720260	Ferro-nickel (granular/powder)	345 042.2	2.5	44.6	CHN	320 009.1	IND	10 836.9	2 650 664.8	IDN	1 376 030.1	NCL	391 398.5	322 355.8	355 072.1	IDN	103 847.3	DOM	40 374.6	13 242.2												
170191	Cane/beet sugar	338 090.1	2.5	47.1	CHN	337 743.0	THA	347.1	48.1	USA	47.7	OAS	0.1	0	27.6	CHN	27.4	SGP	0.3	0												
271121	Natural gas, in gaseous state	286 244.3	2.1	49.2	CHN	286 244.3	.	.	8 523 380.4	TKM	6 526 055.6	MMR	1 172 113.0	1 172 113.0			.	.	.	0												
100510	Maize (corn), seed	286 020.3	2.1	51.2	CHN	271 731.3	VNM	11 367.0	2 189.1	EU27	1 787.9	ARG	226.8	0	191.7	NPL	149.5	UNS	35.9	0												
271019	Petroleum oils & oils	277 725.4	2.0	53.3	CHN	277 440.6	IND	271.6	10 315 826.6	SGP	3 320 177.0	KOR	2 998 085.4	0	3 114 828.8	ARE	803 373.6	KOR	599 297.0	0												
620339	M/B's jackets & blazers (excl. KoC), tm (excl.6203.31-6203.33)	243 306.5	1.8	56.9	EU27	156 672.4	JPN	56 537.6	13 405.5	EU27	10 303.6	TUR	902.2	86.3	2 927.3	EU27	868.9	NPL	718.7	3.2												
100640	Broken rice	201 370.4	1.5	59.9	EU27	81 487.8	CHN	41 303.0	326 091.0	THA	162 648.2	VNM	125 907.7	35.0	22.5	UNS	22.5	.	.	0												
620319	M/B's suits (excl. KoC), tm (excl. of w/f a /s)	200 517.2	1.5	61.4	EU27	97 123.0	JPN	57 760.9	1 204.2	EU27	1 099.5	TUR	60.2	0	169.8	EU27	84.2	SGP	25.5	0												
30269	Fish, n.e.s. in 03.02, fresh/chilled (excl. filelets/other fish meat of 03.04/livers & roes)	183 838.1	1.3	62.7	THA	124 956.0	CHN	37 616.1	32 542.9	OAS	18 787.8	IDN	5 591.8	0	10 994.4	BGD	9 826.2	MMR	644.1	644.1												
620690	W/G's blouse, shirt or blouse shirt (excl. KoC), of tm other than silk/silk waste/w/f a/s/cotton/	181 734.2	1.3	64.0	EU27	99 836.3	JPN	39 777.9	2 622.9	EU27	593.5	IDN	406.9	0	844.4	EU27	318.9	CHN	203.9	0												
620520	M/B's shirts (excl. KoC), of cotton	164 175.0	1.2	65.2	EU27	78 385.8	KOR	56 472.8	190 218.4	VNM	47 218.2	EU27	36 187.5	1 247.9	36 510.1	EU27	14 328.4	BGD	9 809.3	13 242.2												
120740	Sesamum seeds, w/o broken	164 157.3	1.2	66.4	CHN	119 867.7	KOR	15 154.5	733 924.8	ETH	235 997.5	SUD	182 318.3	0	43 511.1	SUD	26 054.0	NIG	10 855.9	0												
400121	Natural rubber (excl. latex), in smoked sheets	161 662.7	1.2	67.6	CHN	128 678.8	MYS	20 289.5	684 484.6	THA	503 675.9	MMR	99 071.5	99 071.5	108 733.3	THA	45 296.1	IDN	25 778.8	323.9												

\* Other than cotton or man-made fibres; \*\* other than wool or fine animal hair or cotton or synthetic fibres; TM: textile materials; KoC: knitted or crocheted; OTC: other than of cotton.  
Note: Excluding HS 890520 and HS 880420.

Under this scenario it is vital for Myanmar to identify trading partners for its current supply capacity of main exports: garments and agricultural products such as cereals, rice, seeds and vegetables.

It clearly emerges from table 1 that both China and India markets are not a substitute for the European Union and Japan markets as far as exports of Myanmar garments are concerned, since the import figures in both China and India are minimal for garments and sugar. The table also clearly shows China may be a prospective market for rice as further discussed in the sections below.

## 2.2 The quest for alternatives: Which partner for an FTA?

As shown in the following sections, there are a number of alternatives and possibilities that Myanmar and ASEAN LDC may pursue in the quest for possible trade partners. In any case Myanmar has to:

- (a) First assess the value added that each initiative may bring to the current market access;
- (b) Identify the conditions for acceding to such agreement as in the case of the CP-TPP or the offers and concessions that Myanmar is making during negotiations, as in the case of RCEP;
- (c) Assess what the costs and benefits are of entering into FTAs that are containing WTO-plus commitment or new issues such as the CP-TPP.

This is a complex exercise that may only be initiated under the current study given its limitation. It is therefore highly recommended that Myanmar conduct further analysis at sectorial level and expand the skeleton comparison tables below (tables 2-4).<sup>30</sup>

According to findings of this preliminary analysis the following sections will examine the major challenges in the most important export markets of Myanmar in conjunction with the evolving trade scenario.

<sup>30</sup> The tables provide a tentative comparison of the disciplines included in the various agreements that needs to be further studied and validated. As such, they do not pretend to be exhaustive or updated.



Table 2: Market access and rules of origin provisions – Comparison across FTAs

AEC	ASEAN – China	ASEAN – Japan	ASEAN – India	CP-TPP	European Union – Viet Nam	RCEP
Market access						
According to ATIGA, DFOF treatment to Myanmar exports to ASEAN countries.	Market access in terms of tariff phase out should have been completed by 2015. However, such commitment is subject to reciprocity clauses and exclusions.	Market access in terms of tariff phase out would be completed by 2026. There are at least five tariff schedule types where tariff lines indicated with “A” shall be eliminated as from the date of entry into force of the agreement. <sup>31</sup>	Tariffs on over 4,000 product lines have been eliminated by 2016. Product tariff elimination is subject to two tracks: normal track and sensitive track. For products under the normal track, their respective applied MFN tariff rates gradually reduced or eliminated in accordance with specified schedules and rates over periods between 2006 to 2011 or 2006 to 2016, depending on the specific country. Product under the Sensitive track have their respective applied MFN tariff rates progressively reduced/eliminated within timeframes to be mutually agreed between the Parties.	The tariff cut for the initial six countries to ratify the CP-TPP took place on 30 December 2018. The second tariff cut will be on 1 January 2019, except Japan, which is scheduled on 1 April 2019. Viet Nam has two tariff cuts in terms of Canadian imports but only one for all other countries. Tariff elimination information for the remaining CP-TPP countries (i.e. Brunei Darussalam, Chile, Malaysia, and Peru) will be made available once those countries ratify the Agreement. <sup>32</sup>	Market access in terms of tariff phase out have seven types of tariff schedule, which has different time period spanning from immediate removal of tariff up to 16 equal annual stages of removing tariff, beginning from the date of entry of the agreement. <sup>33</sup>	RCEP market access offer is summarized in table 9.
Rules of Origin						
Product-specific rules of origin in ATIGA are not administered in a transparent manner and there is no agenda in AEC to review them.	Product-specific rules of origin are presented in annex A of this chapter.	The main text of rules of origin has 11 pages <sup>34</sup> ; product specific rules of origin contains 63 pages. <sup>35</sup>	The main rules of origin text have 26 pages and the PSRO contains 27 pages. <sup>36</sup>	CP-TPP rules of origin are of a modern type: product-specific garments PSROs are requiring triple transformation on garments: 1) non originating cotton fibres into yarn, 2) yarn into fabric 3) fabric into garments	The European Union–Viet Nam FTA rules of origin are product specific and contained in annex II of Protocol 1 of the agreement. <sup>37</sup>  The rules of origin for garments of chapters 61 and 62 require double transformation and rules of origin for bicycles require a value of non-originating material not exceeding 45 per cent. ASEAN cumulations are only for octopus and squid. Extended cumulation exists with the Republic of Korea for fabrics.	The main text is 111 pages long and the text of PSROs is even longer.

<sup>31</sup> See <https://www.asean.org/storage/images/archive/agreements/AJCEP/Annex1.pdf> for further details.

<sup>32</sup> See [https://international.gc.ca/trade-commerce/trade-agreements-acords-commerciaux/agr-acc/CP-TPP-ptpgp/tariff-elimination-droits\\_de\\_douane.aspx?lang=eng](https://international.gc.ca/trade-commerce/trade-agreements-acords-commerciaux/agr-acc/CP-TPP-ptpgp/tariff-elimination-droits_de_douane.aspx?lang=eng) for further details.

<sup>33</sup> See [http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157340.pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157340.pdf) for further details.

<sup>34</sup> See chapter 3 of ASEAN–Japan FTA Comprehensive agreement at <http://ajcep.asean.org/wp-content/uploads/2014/05/Agreement.pdf> for further details.

<sup>35</sup> See <http://ajcep.asean.org/wp-content/uploads/2014/05/Annex2.pdf> for further details.

<sup>36</sup> See <http://www.thailandntr.com/en/goods/roo> for further details.

<sup>37</sup> See [http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157381.pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157381.pdf) for further details.

Table 3: SPS, TBT and services provisions – comparison across FTAs

AEC	ASEAN-China	ASEAN-Japan	ASEAN-India	CP-TPP	European Union-Viet Nam	RCEP
SPS and TBT						
No WTO-plus in ATIGA apart a mechanism to settle NTM.	A protocol has been signed under ACFTA with no evident WTO-plus significant provisions.	No explicit WTO-plus provision on SPS.	No provision on SPS in the text.	There are specific provisions and mechanisms.	There are specific provisions and mechanisms.	As text of RCEP is not available it is not possible to make an assessment.
Services						
Services are included in AFAS but the effective degree of implementation is unclear.	Services are included in ACFTA but the degree of effective trade liberalization is unclear.	No schedule for trade liberalization on trade in services.	ASEAN-India FTA on trade in services and investment 2012 (ratified by MMP).	WTO-plus <b>negative list approach</b> with standstill and ratchet mechanisms to capture future liberalization.	Services are included in chapter 8: liberalization of investment, trade in services and electronic commerce.	As text of RCEP is not available it is not possible to make an assessment.

Table 4: Investments, ISDS, labour and environment clauses – comparison across FTAs

AEC	ASEAN-China	ASEAN-Japan	ASEAN-India	CP-TPP	European Union-Viet Nam	RCEP
Investment and ISDS						
Investment is included but no ISDS.	Investment is included but no ISDS.	Not present in the FTA text.	ASEAN-India FTA on trade in services and investment 2012 (ratified by MMP).	CP-TPP members benefit from a comprehensive set of investment protection provisions, including against expropriation and denial of justice and a mechanism for the resolution of investment disputes.	There is a comprehensive investment protection agreement with 4 chapters and 13 appendices. Among these chapters, a clear investment protection rights are specified on chapter 2 while details on dispute settlement mechanisms are detailed in chapter 15 entitled "Dispute settlement."	NAI
Labour clauses						
Not present	Not present	Not present in the FTA text.	Not present	The CP-TPP include a chapter requiring that the basic workers' rights <sup>38</sup> reflected in law and practice, i.e. the elimination of child labour, forced labour and discrimination, and respect for freedom of association and the right to bargain collectively.	The European Union and Viet Nam have agreed to implement the core labour standards and Conventions of the International Labour Organization (ILO). Viet Nam has so far only ratified five of the eight core ILO conventions; whereas it has not ratified ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organize, No. 98 on the Right to Organize and Collective Bargaining, or No. 105 on the Abolition of Forced Labour. <sup>39</sup>	NAI
Not present	Not present	Not present in the FTA text.	Not present	The CP-TPP Agreement includes provisions to enhance environmental protection in the CP-TPP region and to address global environmental challenges.	The European Union-Viet Nam includes environmental clauses specifically focusing on renewable energy. <sup>40</sup>	NAI

NAI: No available information.

<sup>38</sup> As contained in the International Labour Organization 1998 Declaration on Fundamental Principles and Rights at Work.

<sup>39</sup> See <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bTA%2bP7-TA-2014-0458%2b0%2bDOC%2bXML%2bV0%2f%2fEN&language=EN> for further details.

<sup>40</sup> See [http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157353.pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157353.pdf) for further details.

## 2.3 Building new trade initiative with the European Union in view of the European Union-ASEAN FTAs

### 2.3.1 The European Union reform of rules of origin: what did it mean for Myanmar?

The European Union reform on the rules of origin (RoO) which entered into force in 2011<sup>41</sup> contained drastic changes to the European Union rules of origin in favour of both LDCs and developing countries, as follows:

- Introduced a differentiation in favour of LDCs that are benefiting from more lenient rules of origin than developing countries in certain sectors;
- Allowed a single transformation process in textiles and clothing – a request that the LDCs had been advocating for more than a decade;
- Raised the threshold of the use of non-originating materials from 40 per cent to 70 per cent for LDCs in many sectors;
- Eased the cumulation rules.

The new rules allowed duty-free entry of a garment that was sewn from two or more pieces using fabric produced anywhere. This meant that, for the first time,

garments produced in Myanmar from fabric manufactured in China could secure duty-free access to the European Union. This change resulted in an immediate reaction in terms of trade values and utilization rates of European Union trade preferences by LDCs, including Myanmar. As shown in figure 2.3, the surge in exports from LDCs to the European Union market between 2010 and 2011 was particularly strong for products of HS chapter 62 with a rise in European Union imports from \$3.1 billion to \$4.5 billion and a utilization rates jumping from 46 per cent to 88 per cent in one year. In the case of Myanmar, after the reinstatement of its GSP, the impact was immediate – garments exports of chapters 61 and 62 to the European Union under EBA more than doubled in 2014 as compared to 2012, with a continuous increase until 2017 as shown in table 5 and figure 2.4.

In relative terms, the rise in Myanmar exports of knitted or crocheted garments (HS chapter 61) to the European Union has been more important (+318 per cent) as they started from a lower value than in the case of HS chapter 62. However, as can be seen in figure 2.4, trade values in both chapters 61 and 62 exhibit an exponential trend and utilization rates raised from zero in 2012 (not eligible for GSP) to 48 per cent in 2013 to reach, respectively, 89 per cent and 96 per cent in 2014.

<sup>41</sup> See European Commission regulation No 1063/2010 of 18 November 2010 amending Regulation (EEC) No. 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code See Inama, Per aspera ad astra, the reform of the European Union GSP rules of origin, Journal of World Trade, 2011.

Figure 2-3: European Union imports of garments of HS 61 and HS 62 from LDCs

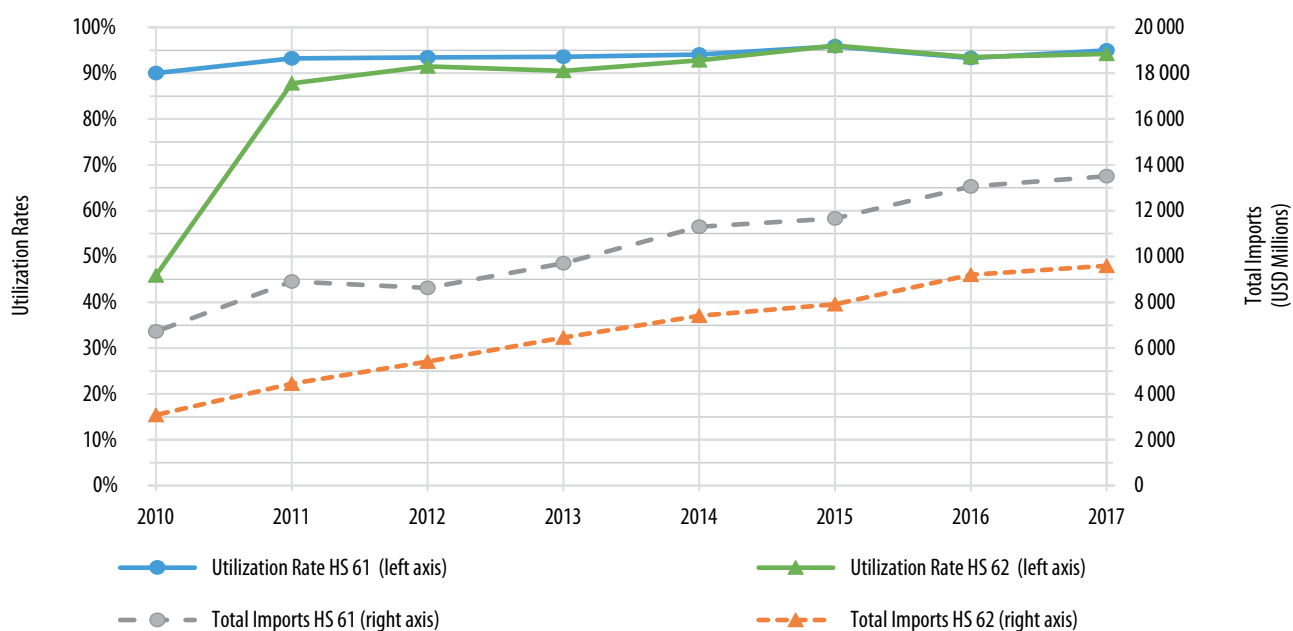
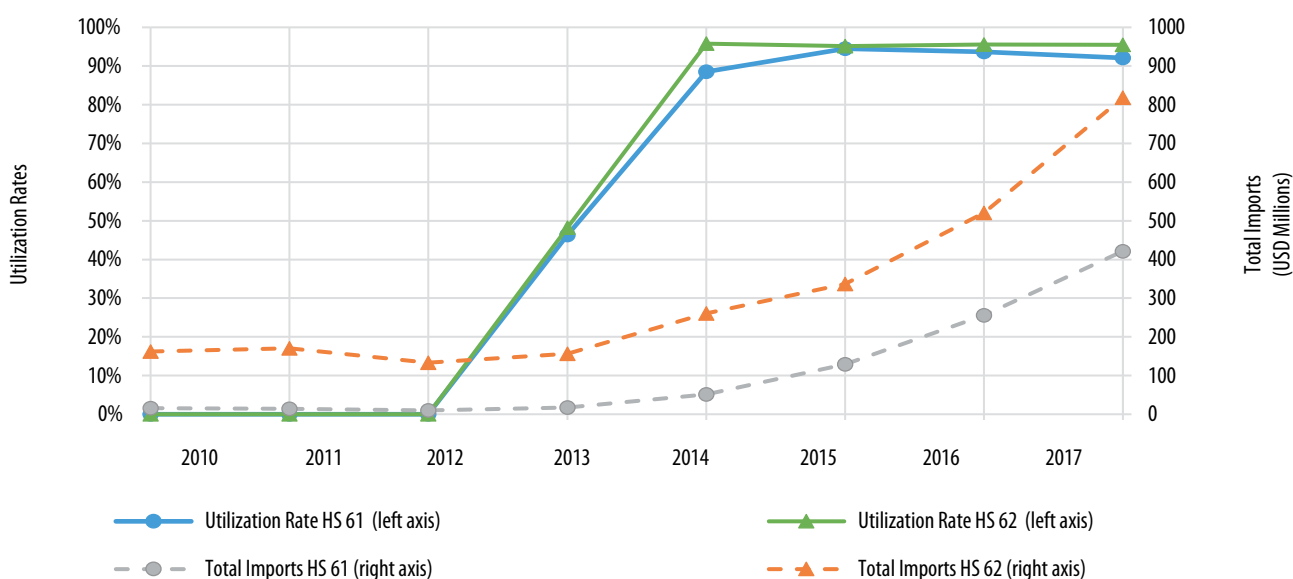


Figure 2-4: European Union imports of HS 61 and HS 62 from Myanmar



Aside from the primary export of Myanmar – garments, which is discussed below – there is an increase of exports in other sectors. This is mainly due to the reinstatement of EBA in the country and partly because of the European Union reform in 2011.

As shown in table 5, export products under the fisheries sector such as fish, crustaceans and molluscs (under HS chapters 3 and 16), have increased following the reinstatement of the EBA in 2013 until 2017 with an average growth of 10 per cent per annum. Rice exports have a steady increase from 2011 to 2017 with a dramatic

jump one year after the reinstatement of the EBA and a year-on-year decline of 20 per cent during 2015 and 2016. Precious stones under HS chapter 71 follow the same pattern of exhibiting an overall increasing trend, particularly after the reinstatement of the EBA in 2013. Values surge from \$378 thousand in 2011 to \$87 million in 2017 (see table 5). Lastly, wood imports from Myanmar have an overall increase from 2011 to 2017 with year-on-year declines in 2013 and 2017. The decline in 2017 could be due to a temporary ban on teakwood and overall illegal trading activities in this sector.<sup>42</sup>

<sup>42</sup> See [http://ec.europa.eu/environment/forests/pdf/Country\\_overview\\_Myanmar\\_25\\_10\\_2018.pdf](http://ec.europa.eu/environment/forests/pdf/Country_overview_Myanmar_25_10_2018.pdf) for further details

**Table 5: European Union imports from Myanmar under EBA impact by sector (millions of United States dollars)**

Sector	Suspension of EBA		Reinstatement of EBA				
	2011	2012	2013	2014	2015	2016	2017
Garment	198.3	154.0	195.6	344.9	526.9	909.1	1 666.5
Fisheries	19.7	17.8	26.3	34.0	35.7	39.6	40.7
Rice	6.5	9.4	16.3	65.4	84.1	67.2	133.5
Precious stones	0.4	5.8	37.5	51.8	54.0	59.3	87.1
Wood	0.1	5.7	22.8	21.2	25.1	37.6	35.1

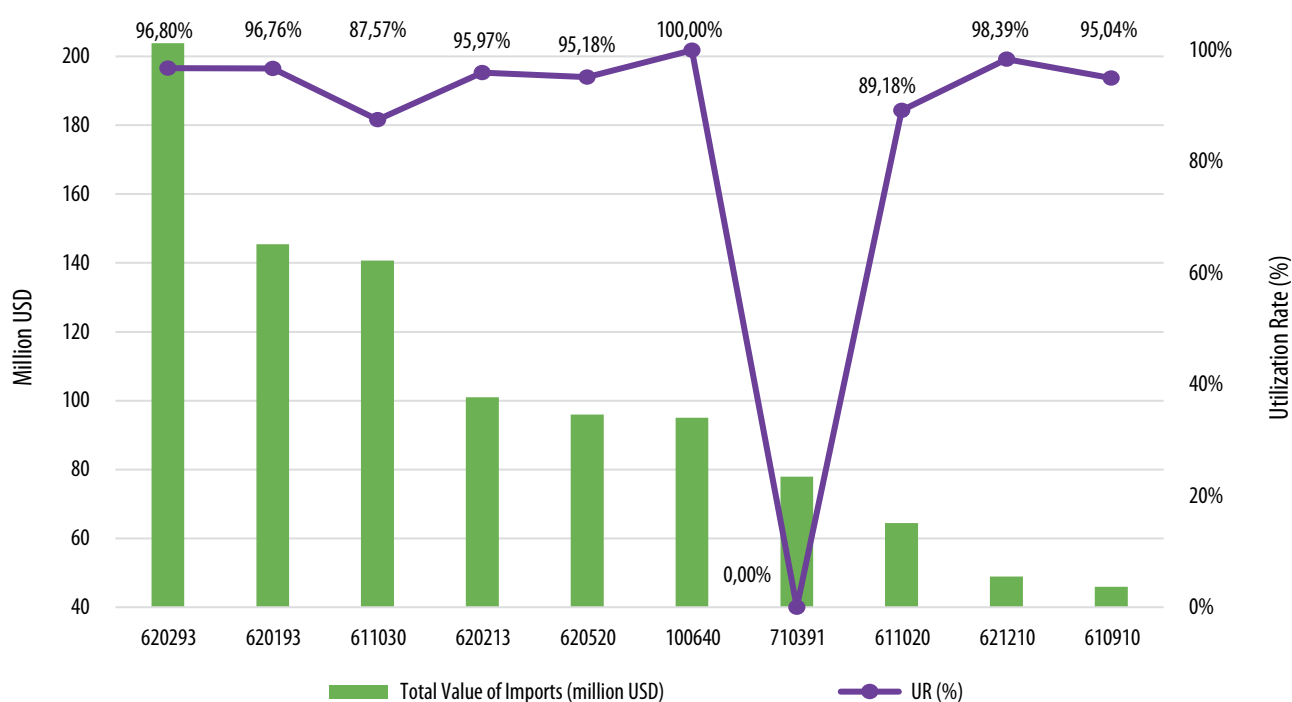
Note: Sectors define as follows: garments: HS 61 and 62, fisheries: HS 03 and HS 16, rice: HS 10, pearl and precious stones: HS 71 and wood: HS 44.

The imports of the European Union for garments from Myanmar exhibit an increase from 2012 until 2017 with a sharp increase between 2016 and 2017 (see table 5). However, this increase may not be sustained in the coming years as Myanmar is facing the deterioration of preferential market access to the European Union due to the impending European Union–Viet Nam FTA.

As depicted in figure 2.5, the 10 most-exported products of the European Union from Myanmar are garments with utilization rates ranging from 98.39 per cent to 89.18 per cent. These tariff lines could be subjected to erosion of trade preferences as

the European Union–Viet Nam FTA entered into force on August 2020.

For example, as shown in table 7, there will be a progressive erosion of the preferential margin for HS 620520 with a reduction of six equal instalments from a base rate of 12 per cent. Other tariff lines such as HS 6202 and HS 6201, most-imported products of the European Union from Myanmar at HS four-digit level (see table 6), will experience a similar and in some cases immediate<sup>43</sup> erosion of preferential margins with reduction varying between six to eight equal instalments.<sup>44</sup> Further analysis of the implications of the European Union's FTA with other members of ASEAN is carried out in subsection 2.3.2.

**Figure 2-5: Tariff lines most imported to the European Union from Myanmar at six-digit level, and utilization rates (2017)**

<sup>43</sup> See table 7 for tariff lines under A.

<sup>44</sup> See [http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157341.pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157341.pdf) for further details.



**Table 6: European Union-27 most imported product of HS 61 and HS 62 at four-digit level (United States dollars) from Myanmar (2018): a country comparison<sup>45</sup>**

Tariff line	Myanmar	Cambodia	Bangladesh	Viet Nam
6202	65 377.58	7 354.01	14 006.98	15 182.80
6201	40 148.52	6 678.40	18 695.86	7 938.54
6110	16 229.08	57 853.92	279 045.80	8 333.50
6102	12 557.95	2 114.55	1 860.95	2 853.70
6204	11 065.04	63 038.27	107 328.40	31 946.14
6210	8 221.64	9 760.14	2 916.57	6 894.83
6104	6 688.40	19 267.01	59 041.61	7 699.28

**Table 7: European Union – Viet Nam FTA RoO on Myanmar's most-exported goods to the European Union in 2017**

Rank	Subheading	Description	Exports to European Union-27 (\$)	Base rate	Tariff category	Tariff description	RoO (HS 2–4 digit level)
1	620339	Men's or boys' jackets and blazers of other textile materials	156 672 438	12	B5	Customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall thereafter be free of any customs duty	Weaving accompanied by making-up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5 per cent of the ex-works price of the product.
2	620690	Women's or girls' blouses, shirts and shirt-blouses of other textile materials	99 836 266	12	A	Customs duties on originating goods provided for in the items in staging category "A" in a Party's Schedule shall be eliminated entirely and such goods shall be free of any customs duty from the date of entry into force of this Agreement	Weaving accompanied by making-up (including cutting); or manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 per cent of the ex-works price of the product
3	620319	Men's or boys' suits of other textile materials	97 122 994	12	A	Customs duties on originating goods provided for in the items in staging category "A" in a Party's Schedule shall be eliminated entirely and such goods shall be free of any customs duty from the date of entry into force of this Agreement	Weaving accompanied by making-up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5 per cent of the ex-works price of the product.
4	100640	Broken rice	81 487 837	€65/1 000 kg	B5, comment: 50 per cent cut at EIF, and linear removal after 5 year	Customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall thereafter be free of any customs duty	Manufacture in which all the materials of chapter 10 used are wholly obtained
5	620520	Men's or boys' shirts of cotton	78 385 810	12	B5	Customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall thereafter be free of any customs duty	Weaving accompanied by making-up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5 per cent of the ex-works price of the product

<sup>45</sup> UN Comtrade data, European Union-28 imports from Myanmar, Cambodia, Bangladesh and Viet Nam 2018.

Rank	Sub-heading	Description	Exports to EU27 (USD)	Base	Tariff category	Tariff description	RoO (HS 2–4 digit level)
1	620339	Men's or boys' jackets and blazers of other textile materials	156'672'438	12	B5	customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall thereafter be free of any customs duty;	Weaving accompanied by making- up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerising, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the product.3,5
2	620690	Women's or girls' blouses, shirts and shirt-blouses of other textile materials	99'836'266	12	A	customs duties on originating goods provided for in the items in staging category "A" in a Party's Schedule shall be eliminated entirely and such goods shall be free of any customs duty from the date of entry into force of this Agreement;	Weaving accompanied by making- up (including cutting); or manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40 % of the ex-works price of the product.5
3	620319	Men's or boys' suits of other textile materials	97'122'994	12	A	customs duties on originating goods provided for in the items in staging category "A" in a Party's Schedule shall be eliminated entirely and such goods shall be free of any customs duty from the date of entry into force of this Agreement;	Weaving accompanied by making- up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerising, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the product.3,5
4	100640	Broken rice	81 487 837	65 EUR/ 1000 kg	B5, comment: 50% cut at EIF, and linear removal after 5 year	customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall thereafter be free of any customs duty;	Manufacture in which all the materials of Chapter 10 used are wholly obtained.
5	620520	Men's or boys' shirts of cotton	78'385'810	12	B5	customs duties on originating goods provided for in the items in staging category "B5" in a Party's Schedule shall be removed in six equal annual stages beginning on the date of entry into force of this Agreement, and such goods shall thereafter be free of any customs duty;	Weaving accompanied by making- up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerising, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the product.3,5

### 2.3.2 The European Union's free trade agreements with ASEAN members: Implications for Myanmar

In addition to the erosion of preferential margin outlined in the preceding section, non-LDC members of ASEAN, namely Singapore, Thailand, Viet Nam, Indonesia, the Philippines and Malaysia, have started the negotiating process<sup>46</sup> or have finalized FTAs with the European Union. The European Union – Viet Nam FTA will enter into force on August 2020 and European Union – Singapore FTA<sup>47</sup> entered into force in November 2019<sup>48</sup>. When these FTAs are ratified, these ASEAN countries, mostly Viet Nam, will become direct competitors with Myanmar for investors seeking duty-free access

to the European market. In addition, two facts must be taken into account:

- Once the FTAs with the European Union are ratified, the ASEAN countries will no longer be eligible under the GSP scheme after a transition period of two years and consequently their inputs may no longer be used by Myanmar under ASEAN cumulation.
- Once the FTAs with the European Union are concluded, these ASEAN countries will be progressively able to cumulate among themselves while Myanmar and other ASEAN LDCs will not be able to cumulate with them. This is almost the reverse of the present situation. Ultimately, ASEAN cumulation under

<sup>46</sup> The European Union–Malaysia negotiations are currently on hold; European Union–Thailand are continuing; Viet Nam and Singapore have entered into force. Negotiations with the Philippines are underway.

<sup>47</sup> See <http://www.europarl.europa.eu/legislative-train/theme-a-balanced-and-progressive-trade-policy-to-harness-globalisation/file-eu-singapore-fta>.

<sup>48</sup> See <http://www.europarl.europa.eu/legislative-train/theme-a-balanced-and-progressive-trade-policy-to-harness-globalisation/file-eu-vietnam-fta>.

EBA will be progressively reduced to ASEAN LDCs cumulation with little to no value in terms of availability of intermediate inputs to manufacture finished products for exports to the European Union.

The cumulation provisions inserted in the European Union FTAs with ASEAN countries are a telling example of what the prospects are for cumulation within ASEAN as far as exports to the European Union are concerned. Paragraph 2 of article 3 of protocol 1 to the European Union–Singapore FTA, is rather clear in this regard:

- Materials originating in an ASEAN country which is applying with the Union a preferential agreement in accordance with Article XXIV of the GATT 1994, shall be considered as materials originating in a Party when incorporated in a product obtained in that Party provided that they have undergone working or processing in that Party which goes beyond the operations referred to in Article 6 (Insufficient Working or Processing).

Similarly, the provisions in the European Union–Viet Nam FTA, paragraph 2 of article 3 of protocol 1, state:

- Materials listed in annex III to this protocol (Materials Referred to in Paragraph 2 of Article 3) originating in an ASEAN country which applies with the Union a preferential trade agreement in accordance with Article XXIV of GATT 1994, shall be considered as materials originating in Viet Nam when further processed or incorporated into one of the products listed in annex IV to this protocol (Products Referred to in Paragraph 2 of Article 3).

As shown in figures A.8 and A.9 (annex), which depict a comparison of the utilization rates for selected chapters of ASEAN countries, ASEAN LDCs including Myanmar are performing much better than the remaining ASEAN countries even if the latter have a much greater industrial base. Such higher utilization rates are mainly due to the combination of:

- (a) Higher preferential margin under EBA than under the European Union GSP scheme;
- (b) More lenient PSRO applicable to LDCs under the European Union reform of rules of origin and EBA;
- (c) ASEAN cumulation and the changes to cumulation introduced in 2011.

As discussed, all three factors mentioned above are going to be eroded as follows:

- (a) The higher preferential margin will be progressively eroded once ASEAN countries have finalized their FTAs with the European Union since the agreed tariff schedule phased out will start to apply;
- (b) Concerning the PSRO, it appears that PSRO, at least in the clothing sector, may not be significantly eroded at the time of entry into force of the European Union–Viet Nam FTA since double transformation (weaving and CMT: Cut Make and Trim) will remain as the applicable requirement. However, cumulation with the Republic of Korea fabrics provided under the European Union–Viet Nam FTA may provide a source of concern and competition for Myanmar producers since, thanks to that possibility, Viet Nam could source originating fabrics from the Republic of Korea;
- (c) The cumulation advantage of ASEAN LDCs with respect to other ASEAN partners having entered an FTA with the European Union will progressively turn into a disadvantage since ASEAN countries having signed an FTA with the European Union will be able to cumulate among themselves while the ASEAN LDC will be left with the only option of cumulating among themselves leading to further marginalization.

The impact that this will have on Myanmar depends largely on a combination of market and rules of origin as well as on other factors laying outside such mere market access issues as contained in other chapters of this study. As shown in table 18 in annex both the European Union–Singapore, European Union – Viet Nam, but also the European Union–Republic of Korea FTA do not show significantly better PSRO for chapters 61 and 62. Garments still require a double transformation as under the current GSP rules.

In the case of the European Union–Singapore FTA, the European Union rules of origin allow their FTA partners to cumulate inputs produced in other free trade partners. Myanmar's trade strategy for the next period, 2019–2022, needs to take into account the progressive loss of ASEAN cumulation, and increased competition from Viet Nam.

The entry into force of FTAs between the European Union, Viet Nam, Singapore and ongoing negotiations with the Philippines and eventually Thailand may affect

the competitive position of Myanmar garment producers as shown in table 7 above.

Such changes in the market access to the European Union market has to be read in conjunction with the fact that main competitors of Myanmar, especially Viet Nam, are currently engaged in FTA on multiple fronts, the European Union–Viet Nam FTA, the CP-TPP, RCEP and a series of bilateral agreements. It is obvious that the combined effect of progressive duty-free market access to these markets thanks to a network of FTAs will be a magnet for producers and investor to relocate in Viet Nam despite the more stringent rules of origin that Viet Nam may face under CP-TPP.

### Recommendations

**In view of the above analysis, Myanmar and other ASEAN LDCs should take the initiative to enter into a trade policy dialogue with the European Union to define a new trade relation that is going beyond EBA.**

**ASEAN LDCs are expected to graduate from LDC status in the near future<sup>49</sup> and the current market access under EBA that has been a crucial factor in their export performance is going to be progressively eroded by the ASEAN FTAs.**

**The combined effects of these two looming events require timely and concrete actions such as:**

**(a) Myanmar should prepare a short roadmap for a new partnership between ASEAN LDCs and the European Union and discuss it with other ASEAN counterparts at the nearest opportunity.**

**(b) Convene a meeting at high level among the ASEAN LDCs to agree on a joint roadmap on market access especially with EU, Japan in the context of RCEP and CP-TPP.**

**(c) The ASEAN LDCs should request for a meeting with the newly appointed EU Trade commissioner to discuss such new partnership.**

In addition, Myanmar will have to undertake actions at technical level to prepare the ground for extended cumulation with Viet Nam and explore possible ways to cumulate with Japan.

The request for extended cumulation<sup>50</sup> to the EU commission requires that Myanmar engage in early discussion with Vietnamese counterparts to seek their support for extended cumulation. Early contacts should be made with Japan to secure a similar approach.

Such action should be undertaken as soon as possible to relay a message to garments manufacturers that the Government is actively pursuing a viable trade strategy.

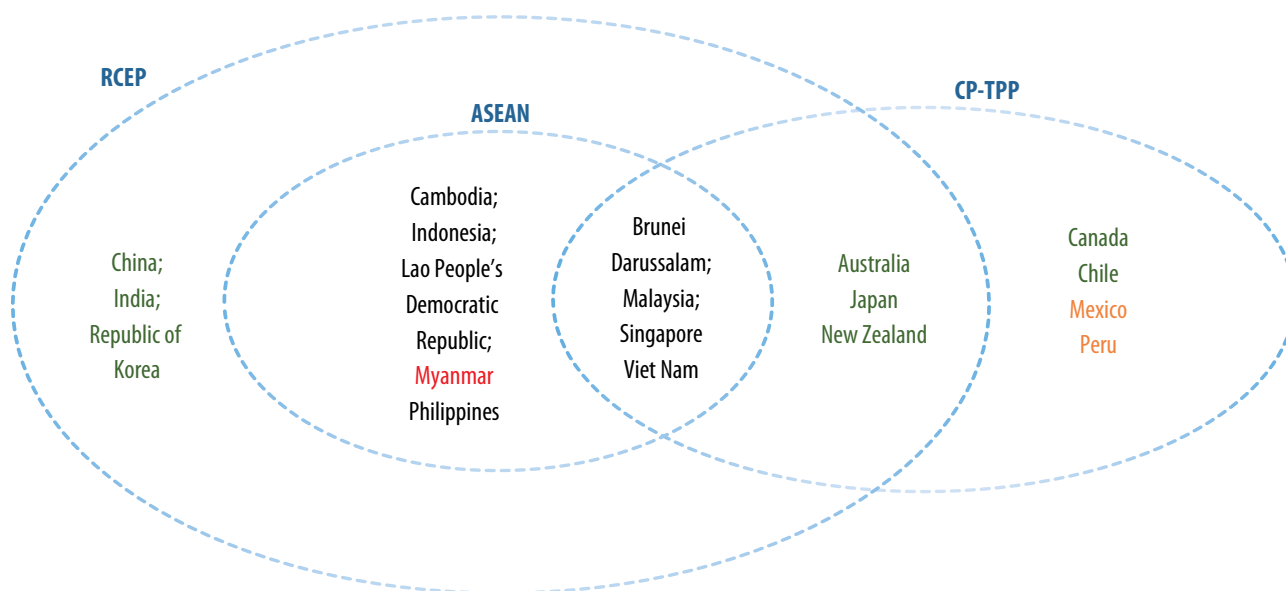
<sup>49</sup> Meeting two graduation thresholds, the Lao People's Democratic Republic also fulfilled the graduation pre-eligibility criteria at the last triennial review of the LDC list in 2018. In contrast, Cambodia only met the HAI graduation threshold, as can be seen below:

	GNI per capita (\$)		Human Asset Index (HAI)		Economic Vulnerability Index (EVI)	
	Value	Graduation threshold	Value	Graduation threshold	Value	Graduation threshold
Cambodia	1 075	1 230 or above	68.9	66.0 or above	34.8	32 or below
Lao People's Democratic Republic	1 996		72.8		33.7	
Myanmar	1 255		68.5		31.7	

<sup>50</sup> Extended cumulation is a system, conditional upon the granting by the European Union Commission of a request lodged by a beneficiary country, whereby certain materials, originating in a country with which the European Union has an FTA in accordance with article XXIV of the General Agreement on Tariffs and Trade (GATT) in force, are considered to be materials.

### 3. RCEP AND CP-TPP – CHALLENGES AND OPPORTUNITIES

Figure 3-1: RCEP, ASEAN, CP-TPP and DFQF preferences: Overlapping memberships



Note: Countries in green are those providing DFQF market access to LDCs.

As shown in figure 3.1 above, CP-TPP and RCEP negotiations partially overlap existing trade preferences under DFQF and ASEAN FTA with dialogue partners. More specifically, among CP-TPP member countries, only Mexico and Peru do not have any preferential arrangement with Myanmar at present. Exports to Australia, Canada, Chile, Japan and New Zealand benefit from DFQF market access while the remaining members are part of the ASEAN network of FTAs with dialogue partners. In the case of RCEP, all members already have an existing agreement or trade arrangement with Myanmar under ASEAN or DFQF. This overlapping scenario makes the assessment of the value provided by RCEP and CP-TPP difficult. In fact, the benefits of joining RCEP or CP-TPP or both will have to be assessed against the preferential margin, utilization

rates, and applicable rules of origin under existing preferential arrangements.

In strict terms, the benefits of concluding RCEP and/or joining CP-TPP may be quantified in terms of preferential margins and rules of origin stringency that may be currently gained or lost, depending on the respective outcome of these arrangements. In reality and with a broader perspective, this section is aimed at identifying precisely what are the main products exported by Myanmar to RCEP and CP-TPP partners comparing them with the market access opportunities in terms of tariff concessions and rules of origin under the respective arrangements as well as with other non-tariff measures such as SPS that are playing an important element of market access. Table 8 below provides an overview of overlapping trade preferences to Myanmar with RCEP and CP-TPP partners.

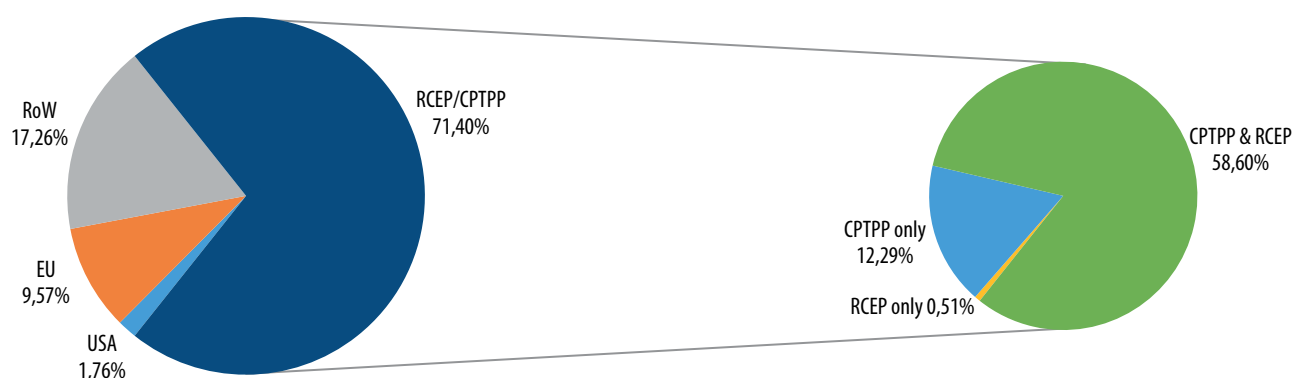


**Table 8: Overlapping trade preferences available to Myanmar with RCEP and CP-TPP partners: comparative table on market access (MA) and rules of origin (RoO)**

Myanmar partners	MA scheme	Product coverage	RoO
ASEAN	ATIGA	All products DFQF	RVC 40 per cent and PSROs
Australia	DFQF	All products	Last manufacturing process performed in LDC; minimum 50 per cent of total factory cost; minimum 75 per cent when cumulation is used
	FTA	99 per cent of all products <sup>51</sup>	40 per cent regional value content; product-specific rules of origin: requirements vary between criteria wholly obtained, RVC, CTSH with or without exceptions, specific working or processing requirements or alternative rules
Canada	DFQF	All products except some dairies	80 per cent of non-originating when cumulation is used
Chile	MFN	Include MFN Averages (6 per cent) <sup>52</sup>	Not applicable
	DFQF	All products except wheat, wheat flour, and sugar products <sup>53</sup>	Minimum regional value content of 50 per cent
China	DFQF	97 per cent of all products <sup>54</sup>	Minimum 40 per cent of originating materials
	ASEAN China FTA	90 per cent of all products <sup>55</sup>	Minimum regional value content of 40 per cent using direct method and maximum value of non-originating material of 60 per cent using indirect method; product-specific rules of origin containing 22 pages <sup>56</sup>
India	DFQF	95.5 per cent of all products <sup>57</sup>	Minimum 30 per cent of originating materials; product-specific rules
	ASEAN India FTA	90 per cent of all products <sup>58</sup>	Minimum regional value content of 35 per cent; product-specific rules of origin
Japan	DFQF	All products	Maximum value of non-originating materials of 40 per cent; product-specific rules
	FTA	All products except for machine parts and petroleum oil products	Minimum regional value content of 40 per cent and product-specific rules of origin containing 161 pages <sup>59</sup>
Mexico	MFN	Include MFN averages (6.9 per cent) from WTO	Not applicable
Peru	MFN	Include MFN averages (2.4 per cent)	Not applicable

Figure 3.2 shows that in 2017 RCEP and CP-TPP markets represented 71.4 per cent of Myanmar total exports, with 58.6 per cent directed to countries that

are part of both agreements. It is notable to see that the United States only occupies 1.76 per cent of the export shares of Myanmar.

**Figure 3-2: Myanmar export shares to RCEP/TPP markets and to the rest of the world, 2016**

<sup>51</sup> See <https://aanzfta.asean.org/asean-australia-new-zealand-free-trade-arrangement/> for further details.

<sup>52</sup> See <http://stat.wto.org/tariffprofile/wsdbrtariffpview.aspx?Country=cl&Language=E> for further details.

<sup>53</sup> See <https://www.un.org/ldcportal/chile-to-grant-dfqf-to-ldcs/> for further details.

<sup>54</sup> See <https://www.un.org/ldcportal/preferential-market-access-chinas-dfqf-scheme-for-ldc-products/> for further details.

<sup>55</sup> See <http://www.asean-cn.org/index.php?m=content&c=index&a=show&catid=267&id=84> for further details.

<sup>56</sup> See <https://fta.miti.gov.my/miti-fta/resources/auto%20download%20images/558b8bd2cc77f.pdf> for further details.

<sup>57</sup> See [http://commerce.gov.in/writereaddata/UploadedFile/MOC\\_636434269763910839\\_international\\_tpp\\_DFTP.pdf](http://commerce.gov.in/writereaddata/UploadedFile/MOC_636434269763910839_international_tpp_DFTP.pdf) for further details.

<sup>58</sup> See <https://www.mofa.go.jp/policy/economy/fta/asean/part3-2.pdf> for further details.

<sup>59</sup> See [https://www.mofa.go.jp/mofaj/gaiko/fta/j\\_asean/pdfs/ajcep\\_k2.pdf](https://www.mofa.go.jp/mofaj/gaiko/fta/j_asean/pdfs/ajcep_k2.pdf) for further details.

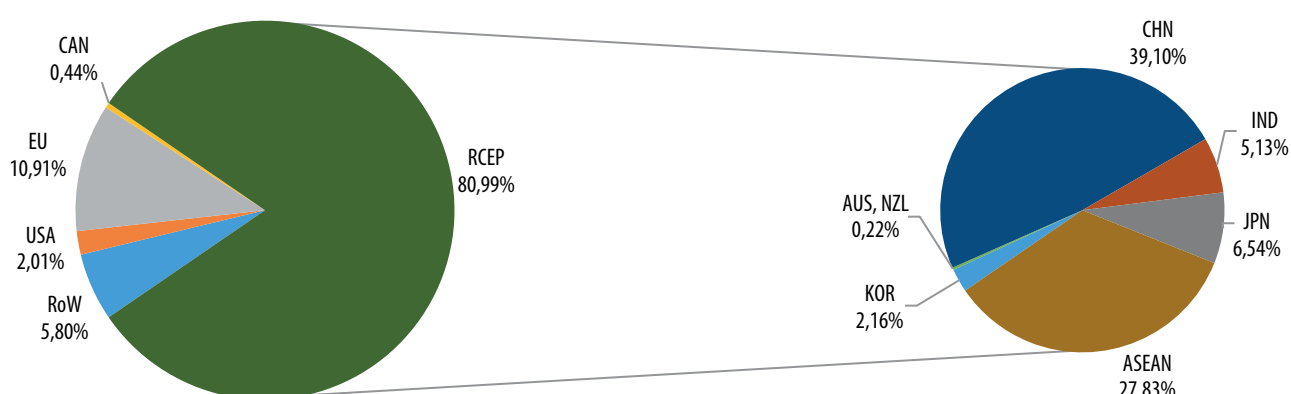
### 3.1 Measuring cost and opportunities of RCEP

#### 3.1.1 Getting increased market access for Myanmar exports to RCEP partners

As detailed in figure 3.3, the exports of Myanmar to RCEP markets represented about 80.99 per cent of total exports in 2017, including natural gas. Table 9 presents at tariff-line level the top export products of Myanmar to RCEP partners in 2017, these being

agricultural products, precious stones and metals and natural gas.<sup>60</sup> It is no surprise that China occupies the top export destination of Myanmar both in terms of trade value (\$11 billion), which is 39.1 per cent of the total export share, and in terms of the number of top products being exported by Myanmar (11 out of 16). ASEAN is the next largest export destination with 27.83 per cent, then Japan with 6.54 per cent, India with 5.13 per cent and the Republic of Korea with 2.16 per cent. For the remaining RCEP partners, Australia and New Zealand, there is only 0.22 per cent export share for both countries combined.

Figure 3-3: Myanmar export shares to RCEP markets and to the rest of the world, 2017



Despite that Australia already provides DFQF market access to Myanmar, as shown in figure 2.1, the average utilization of the scheme by Myanmar exporters is rather limited. In 2016, only 20 per cent of Australian imports from Myanmar benefited from DFQF treatment, corresponding to an average utilization rate of 49 per cent, with important variations between products. It is important to note that despite the increasing amount of trade between 2015 and 2017, the utilization rate has been decreasing over the years, from 78 per cent in 2015, 49 per cent in 2016 and 32 per cent in 2017, while the preference margin remains stable at around 5 per cent.

Pockets of low utilization rates combined with preference margins (PM) above 2 percentage points have been identified and reported in table 19 (annex). Similarly, as shown in figure 2.1, in 2016 28 per cent of Myanmar exports to the Republic of Korea received preferential treatment, corresponding to a utilization rate of 8.5 per cent (see table 20). Pockets of low utilization of the Republic of Korean DFQF scheme where the preference margin is above 2 percentage points are reported in table 20.

According to data notified to WTO, in 2015, Myanmar has not been able to use the DFQF scheme offered by India, with a utilization rate of around 1 per cent. Therefore, a functioning trade agreement could generate important opportunities for Myanmar.

The RCEP negotiating text has not been made available during the course of this study. Only limited information has been available through other sources. On the basis of the preliminary information and an examination of tariff offers, RCEP does not seem to provide substantial improvements with respect to the market access that Myanmar is already being granted as part of the LDC, or ASEAN and ASEAN FTA network with dialogue partners. Such available information is summarized in table 9.

The crippling factor of RCEP is the architecture of the tariff offer, since the RCEP partners have made a single offer for all the ASEAN countries or towards all RCEP partners. This means that Myanmar is treated in terms of market access the same as Singapore or Malaysia, while there is a clear divide in terms of export capacity and level of development between these countries and

<sup>60</sup> Note that re-exported products such as aircraft and ships are not included in the analysis.

Myanmar. This element alone casts serious doubts over the value added of RCEP in terms of market access granted to Myanmar with respect to previous agreements and LDC arrangements that Myanmar is already benefiting from.

Added to this, the RCEP draft main text on rules of origin is 111 pages long and the Excel file text of product-specific rules of origin (PSRO) is over 6,000 lines. These figures alone provide a glimpse of the complexities of the negotiations. Once again, there is no provision for LDCs special and preferential treatment in the area of rules of origin for LDCs.

Unless substantial progress is made in the last round of negotiations, the current reading of the RCEP provides little scope for increased market access for Myanmar. The only advantage of RCEP would be to “lock-in” in contractual agreement some unilateral trade preferences.<sup>61</sup> Even this assumption would have to be further assessed.

The fact that Myanmar may graduate from LDC status in the foreseeable future should not imply to forfeit in advance its negotiating position as an LDC during the current round of negotiations in RCEP.

## Recommendations

**On the basis of the above-mentioned findings and analysis, the following recommendations are made:**

- (a) As a matter of priority Myanmar together with other ASEAN LDCs should insist that other RCEP partners make a differentiated offer on tariffs and rules of origin for ASEAN LDCs in RCEP.**
- (b) An overall and product-specific assessment has to be made using the methodology adopted in table 9 to measure what additional market is granted under current RCEP and negotiating objectives should be set accordingly.**
- (c) An overall assessment has to be made of the value of RCEP with respect to trade in goods, services and other trade related aspects. As soon as the text is available, an assessment should be carried out to assess the real value of market access provided by RCEP to Myanmar.**

<sup>61</sup> Like the DFQF and rules of origin granted by India and Japan; but it would have to be assessed whether the tariff offers and rules of origin in RCEP are equivalent or better than those granted under the current DFQF by these preference-giving countries.

**Table 9: Market access and rules of origin treatment of most-exported products from Myanmar to RCEP partners in 2017 (sorted in descending values, cumulative export share <75 per cent)**

Product			Exports		Principal MMR export destinations within RCEP members												
HS code	Description	Value (\$ thousands)	1st destination				2nd destination				3rd destination				PSRO		
			ISO3 code	Share (%)	MFN (%)	Applied reduction in RECP (EF)	ISO3 code	Share (%)	MFN (%)	Applied reduction in RECP (EF)	ISO3 code	Share (%)	MFN (%)	Applied reduction in RECP (EF)			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
	TOTALS FOR ALL PRODUCTS	11 049 279	CHN	48.1	.		THA	24.0	.		JPN	8.2	.				
271111	Natural gas, liquefied	2 986 970	THA	65.9	0.00	N/A	CHN	34.1	0.00	N/A	.	.	.	.	CTH		
071331	Dried beans, shelled	628 118	IND	50.5	30.00	0.00	CHN	27.2	1.50	0.00	IDN	4.5	2.50	N/Av.	CC*; WO (IN, KR); RVC40 or CTH(NZ)		
100620	Husked (brown) rice	537 757	CHN	98.1	33.00	N/O	SGP	1.5	0.00	N/A	MYS	0.2	40.00	N/O	WO*; CC(AU, NZ)		
740311	Copper cathodes and sections of cathodes unwrought	485 224	CHN	48.0	2.00	0.00	THA	28.2	1.00	0.00	IDN	9.5	5.00	N/Av.	RVC40 or CTH		
170199	Cane or beet sugar, in solid form, nes	420 323	CHN	99.8	32.50	N/O	IND	0.2	100.0	N/O	IDN	0.1	.	N/A	WO*; Options (ASEAN): WO, RVC40 or CC; CTSH (AU, JP); CC ex 12 (KR), RVC40 or CTSH or refining (NZ)		
710310	Prec. or semi-prec. stones (o/t diamonds) unwk'd or simply sawn or rough shpd	343 632	CHN	100.0	3.00	0.00	THA	0.0	0.00	N/A	KOR	0.0	1.00	N/Av.	RVC40 or CC*		
170191	Cane or beet sugar, containing added flavouring or colouring	338 090	CHN	99.9	32.50	N/O	THA	0.1	94.00	N/O	SGP	0.0	0.00	N/A	WO*; Options (ASEAN): WO, RVC40 or CC; CTSH (AU, JP); CC ex 12 (KR), RVC40 or CTSH or refining (NZ)		
720260	Ferro-nickel	334 296	CHN	95.7	2.00	0.00	IND	3.2	2.50	0.00	SGP	1.0	0.00	N/A	RVC40 or CTH*		
271121	Natural gas in gaseous state	286 244	CHN	100.0	0.00	N/A	.	.	.	.	.	.	.	.	CTH		
100510	Maize seed	285 769	CHN	95.1	10.50	N/O	VNM	4.0	0.00	N/A	MYS	0.4	0.00	N/A	WO*		
271019	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations not elsewhere specified	277 725	CHN	99.9	6.46	0.00	IND	0.1	8.06	N/O	SGP	0.0	0.00	N/A	RVC40 or CTH or no tariff classification change is required provided that the good is a result of a chemical reaction, atmospheric distillation or vacuum distillation*; RVC40 or CTH (ASEAN, JP); CTH(CN, IN);		
890520	Floating or submersible drilling or production platforms	264 097	SGP	100.0	0.00	N/A	.	.	.	.	.	.	.	.	RVC40 or CTH		
880240	Aeroplanes and other aircraft, of an unladen weight >15,000 kg	212 062	SGP	66.0	0.00	N/A	IND	21.2	2.50	0.00	VNM	12.7	0.00	N/A	RVC40 or CTH		
400121	Smoked sheets of natural rubber	161 570	CHN	79.6	20.00	N/O	MYS	12.6	0.00	N/A	THA	3.6	0.00	N/A	RVC40 or CTSH* or WO (ASEAN, CN, IN)		
120740	Sesamum seeds	158 069	CHN	75.8	5.00	0.00	KOR	9.6	.	.	JPN	9.2	0.00	N/A	WO*		
270900	Petroleum oils and oils obtained from bituminous minerals, crude	112 018	THA	61.2	0.00	N/A	MYS	20.2	2.50	0.00	SGP	18.6	0.00	N/A	CTH		

\* PSRO not agreed; N/A: not applicable; N/Av.: not available; N/O: no offer.

### 3.1.2 Structuring the tariff offers of Myanmar under RCEP

In order to structure a tariff offer accounting for defensive interests, there is a need to assess first the import competition from RCEP partners. Table 10 shows the most imported products from RCEP partners in 2017 and the main suppliers of Myanmar for these particular products. China occupies the first principal supplier of Myanmar accounting for 37.1 per cent of all its imports while the second and third principal suppliers are ASEAN members, namely Singapore with 17.9 per cent import share, and Thailand with 12.9 per cent.

According to the WTO secretariat<sup>62</sup>, “the applied MFN tariff in Myanmar consists of 15 bands ranging from 0 per cent to 40 per cent; this is unchanged since 1996. The large number of bands renders the tariff relatively complex.”

The average bound tariff rate was 87.2 per cent in 2013 and the applied tariff 5.5 per cent. Almost 95 per cent of the applied MFN tariff ranges from duty free to 15 per cent, while the most common tariff rate is 1 per cent, as reflected in table 10 below. Nearly half of all tariff lines have nuisance rates (greater than zero, but below or equal to 2 per cent). The purpose of these nuisance tariff was not clear to the WTO secretariat.

As shown in table 10, the RCEP tariff offers of Myanmar may not pose a particular threat in terms of protection of sensitive products since most of the imported products from RCEP countries are facing a nuisance import tariff that could be eliminated without any particular implication in terms of revenue foregone of protection for domestic industries. On the remaining tariff lines, it may be envisaged to offer a progressive reduction of the 15 per cent tariffs for woven fabrics (HS 551449 and HS 551319) since there is no domestic production and fabrics are an input to the garments industry.

Different considerations may be made for the duties imposed on cars (HS 870323) with a simple average MFN rate of 27.5 per cent where customs revenues may be significant. The duties imposed on cellular phones (HS 851712) with simple average MFN rate of 10 per cent also needs to be considered.

On the other hand, Myanmar may wish to maintain protection for certain products of the agricultural and agroprocessing industry as advocated by the private sector. These products are “other food preparations” (HS 210690) with a 13.92 per cent simple average of MFN rate. Myanmar may also consider the same for cane or beet sugar (HS 170199) or palm oil (HS 151190) where it may offer a progressive, albeit different, tariff reduction depending on domestic production.

<sup>62</sup> See WTO Trade Policy Review Mechanism, 2014.



Table 10: Myanmar most-imported products from RCEP member countries, 2017 (sorted in descending values, cumulative import share &lt;48 per cent)

HS code	Product description	MFN applied tariffs						Applied reductions	Imports value (\$ thousands)	Share in MMR Imports (%)	Cumulative share in MMR Imports (%)	Principal suppliers					
		1st										2nd		3rd			
		No. NL	No. NAV	Simple Av. %	MIN %	MAX %	ISO3 code					Share (%)	ISO3 code	Share (%)	ISO3 code	Share (%)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	TOTALS FOR ALL PRODUCTS	.	.	.	.	.	.	16 197 754	100.00	100.00	16	CHN	37.1	SGP	17.9	THA	12.9
271019	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations not elsewhere specified/incld., containing by weight 70 per cent/more of petroleum oils/of oils obtained from bitumen	18	0	1.44	0.50	1.50	1.5% for 11 Y/O	2 038 470	12.58	12.58	10	SGP	74.2	MYS	17.1	THA	5.4
271012	Light Oils and Preparations	15	0	1.50	1.50	1.50	1.5% for 11 Y/O	1 303 440	8.05	20.63	6	SGP	85.5	MYS	12.7	THA	1.4
870410	Dump trucks designed for off-highway use	12	0	3.00	3.00	3.00	N/O or 3% for 13 Y/O	711 872	4.39	25.03	10	CHN	51.1	JPN	39.0	KOR	5.8
170199	Cane or beet sugar, in solid form, nes	7	0	0.50	0.50	0.50	0.5% for 11 Y/O	544 312	3.36	28.39	8	IND	51.4	THA	44.7	VNM	2.6
151620	Vegetable fats and oils and their fractions, hydrogenated, etc	24	0	5.00	5.00	5.00	N/O	506 176	3.12	31.51	8	IDN	81.8	MYS	16.4	THA	0.9
551449	Printed woven fabrics, <85 per cent synthetic fibres + cotton, nes, >170 g/m²	1	0	15.00	15.00	15.00	N/O	457 431	2.82	34.34	11	CHN	88.6	KOR	6.6	JPN	1.9
871120	Motorcycles with reciprocating piston engine displacing >50 to 250 cc	11	0	5.00	5.00	5.00	N/O	400 622	2.47	36.81	7	CHN	44.6	THA	36.2	VNM	16.7
300490	Other medicaments of mixed or unmixed products, for retail sale, nes	29	0	1.50	1.50	1.50	1.5% for 11 Y/O	259 453	1.60	38.41	12	IND	50.5	THA	11.9	IDN	9.8
851762	Machines for the reception, conversion & transmission/regeneration of voice, images/other data, incl. switching & routing apparatus	16	0	3.03	1.00	15.00	N/O	224 229	1.38	39.80	12	CHN	93.0	JPN	3.1	THA	1.4
870210	Diesel powered buses with a seating capacity of >nine persons	10	0	3.00	3.00	3.00	N/O	191 207	1.18	40.98	6	JPN	39.8	THA	35.7	CHN	15.9
722830	Bars and rods of alloy steel other than stainless, hot-rolled/drawn/extruded, nes	2	0	1.00	1.00	1.00	0%	190 808	1.18	42.15	3	CHN	74.6	IND	25.4	VNM	0.0
210690	Other food preparations, nes	26	0	13.92	1.00	15.00	N/O	184 138	1.14	43.29	13	THA	34.9	MYS	22.2	SGP	20.0
870323	Automobiles with reciprocating piston engine displacing 1500 to 3000 cc	22	0	27.50	1.00	40.00	N/O	154 504	0.95	44.24	7	JPN	89.4	THA	5.8	KOR	2.6
151190	Palm oil (excl. crude) and liquid fractions	5	0	1.00	1.00	1.00	0 or 1% for 11 Y/O	145 893	0.90	45.15	2	IDN	87.7	MYS	12.3	.	.
551319	Woven fabrics, <85 per cent synthetic staple fibres + cotton, nes, = <170 g/m²	1	0	15.00	15.00	15.00	N/O	105 732	0.65	45.80	9	CHN	87.0	KOR	4.9	JPN	3.7
842959	Self-propelled excavating machinery, nes	1	0	1.00	1.00	1.00	0%	103 149	0.64	46.44	11	KOR	40.3	CHN	36.8	JPN	14.9
851712	Telephones for cellular networks/for other wireless networks, other than Line telephone sets with cordless handsets	1	0	10.00	10.00	10.00	N/O	98 097	0.61	47.04	7	VNM	88.1	CHN	8.1	THA	3.7
721070	Flat rolled products of iron/non-alloy steel, painted, varnished or coated with plastics, = >600 mm wide	2	0	1.00	1.00	1.00	1% for 11 Y/O	98 015	0.61	47.65	7	CHN	98.8	KOR	0.4	IND	0.3

N/O: no offer; Y/O: years and 0 per cent onwards.

### 3.1.3 Getting better market access to India

The analysis of the trade flows carried out in table 1 clearly shows that India remains an important market for Myanmar even for a single agricultural product, that is, beans, with \$317 million exports to the country in 2017. Table 11 exhibits all products with utilization rates of less than 70 per cent and preferential margin (PM) of greater than 2 percentage points (pp). It is crucial to highlight that there is an urgent issue that needs to be addressed. That is, the utilization rates of the DFQF granted by India to Myanmar is close to zero. This is not isolated to Myanmar – LDCs face similar problems of low utilization rate as depicted in table 12 – but it is especially problematic for

Myanmar. In particular, the issue of utilization rates needs to be clarified at the earliest opportunity at the next Committee on rules of origin.

Moreover, the decision by the Government of India to impose import quotas and to negotiate the price of beans and pulses rather than leave to the open market i.e. willing buyer and willing seller, should be reviewed in the light of India's commitment at WTO.

Myanmar and other ASEAN LDCs should engage India at WTO seeking an enhanced dialogue to clarify the issue of utilization rates as well as the use of import quotas for beans or use the ASEAN –INDIA FTA as alternative channel.

**Table 11: Indian imports from Myanmar in 2015 at the tariff line level (UR < 70 per cent, PM > 2pp, MFN received > 200 thousands, in thousands of United States dollars)**

#	HS	Product	GSP cov.	GSP rec.	MFN rec	Oth.	UR (%)	PM
1	07133100	Beans of the species <i>Vigna mungo</i> (L.) Hepper or <i>Vigna radiata</i> (L.) Wilczek	490 148	2 581	487 517	50	0.5	10
2	07136000	Pigeon peas ( <i>Cajanus cajan</i> )	234 904	2 110	232 794	0	0.9	10
3	07133990	Dried beans, shelled, nes – other	48 884	213	48 671	0	0.4	10
4	07139090	Vegetables, leguminous; n.e.c. in heading no. 0713, shelled, whether or not skinned or split,	13 872	0	13 872	0	0.0	10
5	08028020	Other nuts, fresh or dried, whether or not shelled or peeled.– Areca nuts - Split	12'651	0	12 651	0	0.0	100
6	07139010	Dried beans, shelled, nes – Split	13 612	1 834	11 778	0	13.5	10
7	07133300	Kidney beans, including white pea beans	9 191	0	9 191	0	0.0	10
8	09103020	Turmeric (curcuma) – Dried	7 683	0	7 683	0	0.0	4.5
9	07132000	Chickpeas (garbanzos)	6 880	154	6 725	0	2.2	10
10	07133500	Cow peas ( <i>Vigna unguiculata</i> )	2 371	0	2 370	0	0.0	10
11	08028010	Other nuts, fresh or dried, whether or not shelled or peeled.- Areca nuts – Whole	2 049	0	2 049	0	0.0	100
12	08028090	Other nuts, fresh or dried, whether or not shelled or peeled.– Areca nuts – Other	1 220	0	1 220	0	0.0	100
13	44034910	Tropical wood in the rough, nes - Teak wood in rough	2 765	0	1 207	1 558	0.0	5
14	05010010	Human hair, unworked, whether or not washed or scoured	1 204	0	1 204	0	0.0	30
15	44083910	Specified tropical wood (excl. Dark Red Meranti, Light Red Meranti and Meranti Bakau) veneer sheets and for plywood, = < 6m – Sheets for plywoods	23 836	0	774	23 062	0.0	10
16	44089090	Veneer sheets and sheets for plywood and other wood, = < 6 mm thick, nes – Other	19 322	101	637	18 584	0.5	10
17	26171000	Antimony ores and concentrates	564	0	564	0	0.0	2.5
18	09101190	Spices; ginger, neither crushed nor ground – Other	329	0	329	0	0.0	4.5
19	96031000	Brooms and brushes, consisting of twigs or other vegetable materials bound together, with or without handles	431	0	275	156	0.0	10
20	67030010	Human hair, dressed thinned, bleached or otherwise worked	265	0	265	0	0.0	10

**Table 12: Indian imports from LDCs in 2015 (UR < 70 per cent, PM > 2pp, MFN received > 80 million, in thousands of United States dollars)**

#	Partner	HS	Product	GSP cov.	GSP rec.	MFN rec	Oth.	UR	PM
1	Myanmar	071331	Beans of the species <i>Vigna mungo</i> (L.) Hepper or <i>Vigna radiata</i> (L.) Wilczek	490 148	2 581	487 517	50	0.5	10
2	United	710812	Other unwrought forms of gold (including gold plated with platinum)	477 680	0	477 680	0	0.0	10
3	Myanmar	071360	Pigeon peas	234 904	2 110	232 794	0	0.9	10
4	Burkina Faso	710812	Other unwrought forms of gold (including gold plated with platinum)	216 748	0	216 748	0	0.0	10
5	Mozambique	270119	Coal other than anthracite and bituminous	207 026	0	207 026	0	0.0	2.5
6	Guinea	710812	Other unwrought forms of gold (including gold plated with platinum)	204 238	0	204 238	0	0.0	10
7	Senegal	280920	Phosphoric acid and polyphosphoric acids	195 300	0	195 300	0	0.0	5
8	Mali	710812	Other unwrought forms of gold (including gold plated with platinum)	167 042	0	167 042	0	0.0	10
9	Equatorial	271111	Liquefied natural gas	137 949	0	137 949	0	0.0	5
10	United	071360	Pigeon peas	98 613	0	98 613	0	0.0	10
11	Angola	710231	Non-industrial diamonds, unworked or simply sawn, cleaved or bruted	98 336	0	98 336	0	0.0	10

### 3.2 Joining the CP-TPP

The CP-TPP agreement is a modern FTA encompassing a series of WTO-plus disciplines both in terms of coverage and in depth. The preliminary analysis of the CP-TPP with respect to market access and rules of origin is similar to the RCEP in the sense that the CP-TPP may not bring to Myanmar additional market access to what has already been granted under different arrangements thanks to its current LDC status or as member of the ASEAN FTAs with dialogue partners. Figure 3.4 shows that CP-TPP makes up for 14.46 per cent of the export share of Myanmar in 2017. Among the CP-TPP partners, the exports to ASEAN countries who are CP-TPP members have the largest share of 7.26 per cent followed by Japan with 6.54 per cent. Canada only has 0.44 per cent while both Australia and New Zealand combined have 0.22 per cent.

The complexity of the rules of origin of the CP-TPP, especially in the garment sector, does not reflect the present capacity of that industry in Myanmar and are much more stringent than the rules of origin under the Everything but Arms (EBA). However, reading a complex agreement such as the CP-TPP through the lenses of market access of tariff and rules of origin offers a very limited perspective of the trading opportunities and challenges that the CP-TPP agreements may have for Myanmar. First of all, as in the case of the RCEP, the trade preferences granted under an FTA are not unilateral and are of a more permanent and stable nature.

The CP-TPP is based on a series of rule-based, market-oriented systems that offer predictability for investors but also challenges for countries like Myanmar. The situation is further exacerbated by the fact that some of the main competitors of Myanmar, such as Viet Nam, are on a double or triple track<sup>63</sup> scenario, since they participate in RCEP, are members of the CP-TPP and have entered an FTA with the European Union.

Table 13 reports the main exports from Myanmar to CP-TPP partners in descending order of export value. As can be easily noted from the table, the main partners are Canada, Japan and ASEAN countries where Myanmar is benefiting from existing preferences granted under the GSP of Canada and Japan, as well as the ASEAN–Japan FTA and ATIGA with ASEAN countries. The only partner where Myanmar may gain, at a cursory glance, preferential market access is Mexico for limited export values of garments. For products such as shoes, Mexico ranks as the fourth or fifth main export destination for Myanmar. Added to the CP-TPP RoO is that garment production requires triple transformation.

With respect to investment (chapter 9), the CP-TPP parties agreed to suspend the application of the provisions related to an “investment authorization”, including the submission of ISDS claims (that is, limiting the submission of claims to the breach of the treaty obligation) and the selection of arbitrators (in part).

<sup>63</sup> See footnote 12.

Regarding other aspects of CP-TPP chapter 9, it is noteworthy that the investment chapter includes several reform-oriented elements. For example, it refines definitions of investor and investment, clarifies the meaning of key standards to preserve regulatory space (for example, clarifying that a government's failure to respect an investor's legitimate expectations does not automatically amount to a breach of the minimum standard of the treatment (article 9.6), clarifying what does and what does not constitute an indirect expropriation (article 9.8 and annex 9-B)), contains a clause recognizing that parties should not relax health, safety and environmental standards, and reaffirms CSR-related obligations.

Of particular relevance are issues related to ISDS. Certain CP-TPP contracting parties used side letters to bilaterally opt out of ISDS or otherwise modify the ISDS arrangements applicable between them. For example, bilateral side letters provide that there is no ISDS available between Australia and New Zealand, and New Zealand and Peru. In the bilateral relationships between New Zealand and three other parties (Brunei Darussalam, Malaysia and Viet Nam) ISDS will remain. However, consent to arbitration by the respondent State needs to be given on a case-by-case basis. Moreover, the CP-TPP ISDS provisions allow disputing parties to submit written comments to the tribunal concerning any aspect of the proposed decision or award (CP-TPP article 9.23) and establish joint bodies with a mandate to issue binding interpretations of treaty provisions (CP-TPP article 9.25(3)).

At the same time, many CP-TPP parties remain bound by ISDS provisions found in earlier treaties signed between them in different constellations. Examples include the ASEAN Investment Comprehensive Investment Agreement (2009) (of which Myanmar is

a party), the Energy Charter Treaty (1994), and other TIPs and BITs signed between the CP-TPP parties.

Some CP-TPP parties opted to terminate and replace some pre-existing IIAs. For example, Australia's BITs with Mexico, Peru and Viet Nam will be terminated and replaced by the CP-TPP investment chapter, under the terms set out in the relevant side letters. In that respect, the CP-TPP offers an opportunity to replace old-generation treaties with a treaty containing more modern clauses.

When considering accession to the CP-TPP investment chapter, Myanmar should make a careful assessment about the pros and cons in light of the acceding country's investment for sustainable development plan. First and foremost, this includes defining the role of IIAs in a country's development strategy.<sup>64</sup> In addition to assessing the arguments put forward in favour and against IIAs<sup>65</sup> and the arguments brought forward in favour or against to ISDS,<sup>66</sup> this would also include an assessment of the individual investment-related obligations contained in the CP-TPP.

Among others, consideration would have to be given to the extent to which more modern CP-TPP clauses could help modernize (that is, replace) old-generation clauses in pre-existing IIAs (for example, Myanmar–Japan, 2007). Importantly, careful decision-making would also require a realistic assessment of the extent to which acceding LDCs will be able to avail themselves of side letters, to shape their individual commitments in line with their special development needs.

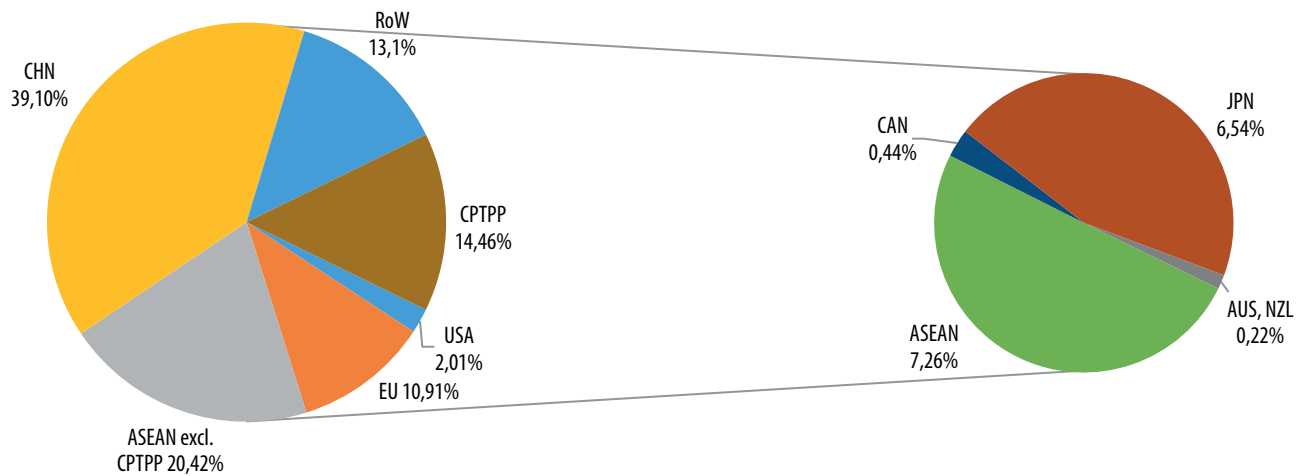
Overall, the main challenge facing Myanmar is to put more resources on assessing the values of the various options and conducting a series of consultations to assess the terms and conditions for acceding to the CP-TPP.

<sup>64</sup> See page 74 in UNCTAD's Investment Policy Framework for Sustainable Development, 2015 version.

<sup>65</sup> See page 19, table 1 in UNCTAD's Reform Package for the International Investment Regime.

<sup>66</sup> Ibid., page 48, table 5.

Figure 3-4: Myanmar export shares to CP-TPP markets and to the rest of the world, 2017



### Recommendations

On the basis of the above-mentioned findings and analysis, the following recommendations are made:

- (a) Conduct a deeper and comprehensive assessment of the CP-TPP and initiate consultations with other ASEAN LDCs for

a possible joint initiative to accede to the CP-TPP as an ASEAN LDC group;

- (b) Initiate informal consultations either directly or indirectly to identify the possible flexibilities and carve out that may be discussed upon accession, especially on ISDS provision and other aspects.

**Table 13: Market access and rules of origin treatment of most-exported products from Myanmar to CP-TPP partners in 2017 (sorted in descending values, cumulative export share < 55 per cent)**

Product		Exports	Principal MMR export destinations within CP-TPP members												
HS code	Description	Value (\$ thousands)	1st destination				2nd destination				3rd destination				PSRO
			ISO3 code	Share (%)	MFN (%)	Pref	ISO3 code	Share (%)	MFN (%)	Pref	ISO3 code	Share (%)	MFN (%)	Pref	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	TOTALS FOR ALL PRODUCTS	2 010 819	JPN	44.9	.	.	SGP	33.9	.	.	MYS	9.3	.	.	
890520	Floating or submersible drilling or production platforms	264 097	SGP	100.0	0.00	N/A	.	.	.	.	.	.	.	.	CTC or Min. RVC of (a) 30 per cent under build-up, (b) 40 per cent under build down or 50 per cent under focused value
880240	Aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	167 056	SGP	83.8	0.00	N/A	VNM	16.2	0.00	N/A	.	.	.	.	CTH
071331	Dried beans, shelled	87 011	VNM	25.1	7.50	0.00 or 3.3% R/Y	MYS	24.3	0.00	N/A	SGP	23.3	0.00	N/A	CTC
740311	Copper cathodes and sections of cathodes unwrought	69 016	MYS	51.3	0.00	N/A	VNM	42.7	0.00	N/A	SGP	6.0	0.00	N/A	CTH
620319	Men's or boys' suits of other textiles, nes	63 537	JPN	90.9	9.55	0.00	CAN	7.3	17.00	0.00	AUS	0.6	5.00	5% for 3 Y/O	CTC with exceptions
620339	Men's or boys' jackets and blazers of other textiles, nes	61 180	JPN	92.4	10.33	0.00	CAN	4.0	17.00	0.00	MYS	2.8	0.00	N/A	CTC with exceptions
640399	Footwear with rubber... soles, leather uppers, not covering the ankle	48 097	JPN	97.7	22.38	MFN or 2.2% R/Y	AUS	0.8	5.00	1.3% R/Y	CAN	0.8	9.67	0.00 or 4.5% for 11 Y/O	CTC or Min. RVC of (a) 45 per cent under build-up, (b) 55 per cent under build down or 50 per cent under focused value
620590	Men's or boys' shirts of other textiles, nes	44 651	JPN	93.8	8.20	0.00	CAN	3.4	18.00	0.00	MYS	1.6	0.00	N/A	CTC with exceptions
842123	Oil or petrol-filters for internal combustion engines	44 215	SGP	99.9	0.00	N/A	VNM	0.1	5.00	0.00	.	.	.	.	CTSH
270900	Petroleum oils and oils obtained from bituminous minerals, crude	43 495	MYS	52.1	2.50	0.00	SGP	47.9	0.00	N/A	.	.	.	.	CTH
620690	Women's or girls' blouses, shirts, etc, of other textiles, nes	43 450	JPN	91.5	8.83	0.00	CAN	3.6	17.00	0.00	MEX	1.5	22.50	2.9% R/Y	CTC with exceptions
620333	Men's or boys' jackets and blazers of synthetic fibres	33 573	JPN	99.1	10.95	0.00	CAN	0.6	18.00	0.00	MEX	0.1	22.50	2.9% or 3% R/Y	CTC with exceptions
620193	Men's or boys' anoraks, wind-cheaters, etc, of man-made fibres	33 463	JPN	87.8	10.95	0.00 or 1.2% R/Y	CAN	9.9	17.00	0.00	SGP	2.1	0.00	N/A	CTC with exceptions
030617	Other Shrimps and Prawns	29 425	JPN	67.5	1.00	0.00	MYS	11.1	0.00	N/A	VNM	11.0	9.00	0.00	CTC
400121	Smoked sheets of natural rubber	26 563	MYS	76.4	0.00	N/A	JPN	19.0	0.00	N/A	AUS	2.3	0.00	N/A	CTH or No CTH with min RVC of 40 per cent under build down
620343	Men's or boys' trousers, breeches of synthetic fibres	24 988	JPN	99.3	9.55	0.00	CAN	0.3	18.00	4.5% R/Y	MYS	0.1	0.00	N/A	CTC with exceptions

N/A: not applicable; R/Y: reduction per year; Y/O: years and 0 per cent onwards.



### 3.3 Myanmar trade relations with Japan: From GSP to ASEAN FTA and beyond

Trade relations with Japan are governed by the GSP for LDCs and the ASEAN Dialogue FTA with Japan.

Trade figures in table 14, with HS two-digit level sorted in descending order, suggest that the Japan GSP for LDCs is mostly used by Myanmar with a striking difference of 91.4 per cent utilization rate for GSP for total products, while there is a low level of ASEAN utilization rate of only 5.15 per cent.

**Table 14: Japanese imports from Myanmar and utilization rates under ASEAN and GSP, 2017 (sorted in descending order of MFN dutiable imports > \$2 million)**

HS chapter		Imports from partner (\$ thousands)							UR (%)	
	Description	Total value	MFN dutiable	Covered GSP	Covered ASEAN	NOT rec. pref.	Rec. GSP pref.	Rec. ASEAN Pref.	GSP	ASEAN
1	2	3	4	5	6	7	8	9	10	11
TOTALS FOR ALL PRODUCTS		1 117 689	983 533	942 407	955 128	72 892	861 407	49 236	91.4	5.15
62	Art of apparel & clothing access, not knitted/crocheted	574 935	572 010	572 010	572 010	11 824	555 841	4 346	97.2	0.76
61	Art of apparel & clothing access, knitted or crocheted	154 827	154 827	154 827	151 551	14 447	131 357	9 023	84.8	5.95
64	Footwear, gaiters and the like; parts of such articles	124 303	124 303	87 320	119 783	12 235	79 165	32 903	90.7	27.47
03	Fish & crustaceans, molluscs & other aquatic invertebrates	62 036	62 036	59 616	57 095	8 476	53 046	514	89.0	0.90
07	Edible vegetables and certain roots and tubers	32 500	11 477	11 477	2 757	3 846	7 628	3	66.5	0.11
12	Oil seeds & oleaginous fruits; miscell. grains, seeds & fruits; industr. or medicinal plants	29 568	2 586	2 586	584	545	2 041	0	78.9	0.00
42	Articles of leather; saddlery/harness; travel goods etc	26 779	26 779	26 495	26 495	6 951	18 659	1 169	70.4	4.41
71	Natural/cultured pearls, precious/semiprecious stones, prec. metals;	16 360	884	884	884	884	0	0	0.00	0.00
90	Optical, photogr., cinematogr., measuring, checking, precision, medical/surgical instruments	8 668	280	280	280	274	0	6	0.00	2.14
44	Wood and articles of wood; wood charcoal	6 907	1 725	1 725	1 725	1 076	617	32	35.8	1.86
94	Furniture; bedding, cushions etc; lamps & lighting fittings nes	6 041	99	99	99	0	76	23	76.8	23.2
39	Plastics and articles thereof	5 820	5 820	5 820	5 820	613	4 455	752	76.6	12.9
16	Preparations of meat, fish or crustaceans, molluscs etc	4 252	4 252	4 252	3 974	535	3 717	0	87.4	0.00
47	Pulp of wood/of other fibrous cellulosic mat.; waste and scrap	2 618	0	0	0	0	0	0	.	0.00

*Note: Non-dutiable trade under chapters 01, 05, 23, 25, 34, 40, 45, 48, 49, 68, 70, 73, 76, 84, 85, 87, 91, 97 not reported. Values below \$2 million reported in annex table 25; Rec: received.*

Furthermore, table 14 shows that garments and shoe products dominate the Japanese imports from Myanmar with a high level of GSP utilization rate, followed by fishery products.

In the context of the GSP preferences, Myanmar with other ASEAN LDCs should prepare a document on the basis of the submission already made by the WTO LDC Group<sup>67</sup> clearly outlining the improvements that Japan may make on the product-specific rules of origin and on cumulation. This document should be submitted at the next CRO meetings. Such action should be followed by an official visit of the ASEAN LDCs to the Ministry of industry and Trade and Ministry of Finance in Tokyo as soon as possible to secure follow up and commitment in adopting a reform of rules of origin under the Japanese GSP.

In parallel, Myanmar and ASEAN LDCs should begin to study the possibility of participating in a series of bilateral FTAs with Japan that provide better market access than the present Japanese GSP, the ASEAN FTAs and RCEP. A study should be conducted in this regard to compare the different concessions that Japan has made towards other partners to secure and argue for better preferential margins when negotiating as ASEAN LDCs.

### **Recommendations**

**On the basis of the above-mentioned findings and analysis, the following recommendations are made:**

- (a) As a matter of priority, Myanmar and other ASEAN LDCs with the assistance development partners should take advantage of the set agenda of the LDC core group on rules of origin in order to table a document:**
  - (i) To highlight the changes to be made in the product-specific rules of origin of the GSP of Japan;**
  - (ii) To request to expand the scope of Japan cumulation provision for ASEAN to include Myanmar;**
  - (iii) To take the opportunity of the CRO to open a dialogue on better rules of origin for ASEAN LDCs under the different trade arrangements currently being negotiated, such as RCEP or in the near future a revision of the rules of origin under the ASEAN Japan FTA or better a bilateral Japan–ASEAN LDCs FTA;**
- (b) Myanmar should carry out a comparative study on the different FTAs entered by Japan to secure and argue for better trade preferences and to determine the content of possible close trade relations with Japan.**

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<sup>67</sup> See WTO document G/RO/W/184 of 7 may 2019

## 4. ADDRESSING SPS ISSUES WITH CHINA AND OTHER PARTNERS

ASEAN countries entered into a free trade area with China in 2005. According to ASEAN sources, ACFTA has not reached the expected target either in trade or investment. There is a gap of benefits that were expected from AFCTA that has been experienced by China and ASEAN member States. Thus, in the trade sector, ASEAN needs to strengthen efforts to create a balanced trade. In the investment sector, ASEAN has to demand an increase of China's investment to ASEAN, specifically to finance the construction of infrastructure related to trade facilitation and improvement of logistics, especially in ASEAN LDCs .

In August 2019, the ACFTA upgrading protocol came into force 68 simplifying rules of origin and rules for trade in services, investment and technical cooperation.

According to the objective of ACFTA, tariffs should not be the prominent obstacle to trade with China. However, other NTMs, especially SPS, are a considerable obstacle to increase exports to China.

Market access in terms of tariff reductions is an element that is not sufficient to ensure market entry into a partner. As examined in the sections above, the trade policy options to replace Japan and the European Union as main markets for garments and shoes will be limited in the near future. Conversely, the analysis

has shown that there are trading opportunities for rice and other agricultural products that may be affected not only by tariffs but also by non-tariff measures, in particular SPS.

Indeed, other elements may hamper Myanmar exporters to benefit from market access opportunities. Non-tariff measures are widely imposed by Myanmar's trading partners, as highlighted in annex table 26. Some measures are imposed on a multilateral basis, while others are imposed to specific countries (reported under bilateral NTMs). China is the country imposing the maximum number of measures, with 5,714 NTMs, including 29 bilateral ones.

At the product level, rice and sugar exports to China are particularly exposed to NTMs as shown in annex table 27. Exports of brown rice (HS 100620) represent 10 per cent of Myanmar's total exports to China and are facing a total of 114 NTMs, including 10 bilateral ones. Sugar of HS subheadings 170191 and 170199, together representing 14 per cent of Myanmar's exports to China, are affected by 59 multilateral NTMs. While most of the existing measures are technical barriers to trade (TBT), according to consultations with local stakeholders, we can reasonably expect SPS measures to be the most problematic for Myanmar exporters of agricultural and food products.

<sup>68</sup> See <https://asean.org/wp-content/uploads/2012/10/Protocol-to-Amend-the-Framework-Agreement-ACFTA-Complete.pdf>

**Table 15: Total SPS measures imposed by Myanmar's partners by products (sorted in descending values of Myanmar's exports > \$5 million, MMR export share > 5 per cent, Total SPS > 3)**

Country	HS6	Description	Bilateral SPS	Multilateral SPS	Total SPS	MMR exports (\$ thousands), 2017	Share in total trade (%)
CHN	100620	Husked (brown) rice	7	47	54	527.6	10
CHN	170199	Cane or beet sugar, in solid form, nes	0	18	18	419.4	8
CHN	170191	Cane or beet sugar, containing added flavouring or colouring	0	18	18	337.7	6
IND	071331	Dried beans, shelled	0	11	11	317.2	45
CHN	100510	Maize (corn), seed	0	32	32	271.7	5
IND	071390	Vegetables, leguminous; n.e.c. in heading no. 0713, shelled, whether or not skinned or split, dried	0	11	11	107.4	15
EUN	100640	Broken rice	0	29	29	81.5	5
IDN	071331	Dried beans, shelled	2	12	14	28.5	24
LKA	100620	Husked (brown) rice	0	8	8	28.3	54
VNM	071331	Dried beans, shelled	0	34	34	21.8	17
MYS	071331	Dried beans, shelled	2	9	11	21.2	11
ARE	071331	Dried beans, shelled	0	17	17	16.9	24
SEN	100640	Broken rice	1	3	4	15.0	100
IDN	100640	Broken rice	2	12	14	12.9	11
LKA	071331	Dried beans, shelled	0	8	8	11.9	23
VNM	100510	Maize (corn), seed	0	15	15	11.4	9
PHL	071331	Dried beans, shelled	0	19	19	10.5	54
LKA	100640	Broken rice	0	8	8	10.3	20
RUS	100620	Husked (brown) rice	0	16	16	6.1	33

Source: UNCTAD (2017) *TRAINS NTMs: The Global Database on Non-Tariff Measures, measures in force in 2016; trade values 2017*. Products with more than 25 measures highlighted in green.

Table 15 reports only the sectors affected by at least four SPS measures, with export shares above 5 per cent and trade values above \$5 million. These are important export sectors for which a reduction of SPS measures could potentially have a significant impact in terms of profitability of exporters. Rice exports are affected by SPS measures not only in China but in the European Union, Senegal, Indonesia, Sri Lanka and the Russian Federation. Sugar of HS subheadings 170191 and 170199 faces a total of 18 multilateral SPS measures in China. Except for rice exports to China, Senegal, and Indonesia, as well as bean exports to Malaysia and Indonesia, most measures are imposed at the multilateral level, making the issues with trade policy instruments such as trade agreements more difficult to solve.

Table 28 in annex C therefore reports products where bilateral SPS measures are imposed on Myanmar's export sectors. New product-country pairs result from the analysis. First, various types of rice exports (not only brown rice) are facing bilateral SPS measures in export markets, mostly China but also Japan and Indonesia. In addition, maize of HS 100510, facing 32 multilateral SPS measures in the Chinese market, is also imposed 10 SPS measures in Thailand, including 7 bilateral ones, and two bilateral SPS measures in Malaysia. Other products such as dry beans and

vegetables (HS 0713) and wood (HS 440729) are particularly affected in Indonesia, Malaysia and the United States.

Sanitary and phytosanitary measures may also have an impact in sectors where we do not observe high trade values. It is likely to be the case if the SPS measure has a deterrent effect on Myanmar exporters that are not able to penetrate the foreign market. In an attempt to identify these cases, table 29 in annex C shows the sector-country pairs where exports from Myanmar to the world is above \$13 million while exports to the specific country imposing at least two bilateral measures is below \$1 million, but exhibit positive values (above \$5,000).

Results show that several products are only marginally exported to specific partners imposing bilateral SPS measures while the total exports are significant. Facing three bilateral SPS in Japanese market, husked (brown) exports amounted in 2017 to only \$753,000 while Myanmar total exports reached \$980 million. In the same way, with a total of 11 SPS measures in the Thai markets, including 4 bilateral SPS measures, exports of cane or beet sugar of HS 170191 amounted to \$347,000 while Myanmar total exports were of \$338 million. The \$670,000 exports of maize (corn) seed of HS 100510 to Thailand are

hit by 10 SPS measures, including 7 bilateral SPS measures while total exports of those products from Myanmar reached \$286 million.

Finally, the United States imposes 20 SPS measures including 9 bilateral ones on exports of nuts of HS 080290. This could explain the relatively low export values of \$10,000 versus \$36 million exported in total to all destinations.

### Recommendations

The analysis of the trade flows carried out in table 1 clearly shows that China cannot replace the European Union and United States as market destination for garments and bicycles. China could be a potential market for rice exports and exports of agricultural products and processed foodstuffs. However, the main obstacles to enter the Chinese market are not only tariffs but also SPS requirements. In the context of WTO, the SPS Committee has been established to provide a forum for discussion and exchange of information. According to the SPS IMS database,

WTO members have raised 31 specific trade concerns on the SPS measures applied by China.

Myanmar and other ASEAN LDCs should make sure that the RCEP provisions on SPS contains WTO-plus elements that permits an enhanced dialogue with China and where possible equivalence and mutual recognition agreements.

**On the basis of the above-mentioned findings and analysis, the following recommendations are made:**

- (a) Myanmar, together with other ASEAN LDCs, should raise specific concern over the SPS measures applied by China on rice imports and other related agricultural products in the next session of the WTO SPS committee.**
- (b) Myanmar should develop a negotiating strategy with other ASEAN LDCs to ensure that the RCEP provision on SPS measures contains WTO-plus elements that could facilitate market access to China.**

## 5. A POSITIVE NEGOTIATING AGENDA FOR MYANMAR AT MULTILATERAL AND REGIONAL LEVEL

Myanmar has been privileged to be eligible for preferential access to many important markets. The trading regime that results from preferences, however, is going to be substantially reduced in the coming years. There have been a series of warning signs that have already conspicuously highlighted the fragility of a trade policy relying almost exclusively on unilateral trade preferences.

Besides the trade-related performance of contracts related to natural gas, changes in Myanmar's preferential market access have been the single most important factor explaining the growth of Myanmar's exports and the diversification of its export destinations during the period under review. The changes in the European Union rules of origin have shifted exports to those destinations and brought about significant new investment to expand exports. Rising labour costs in other producing countries, a reasonably friendly investment environment, and other factors have played a supporting role in this shift. Managing the various rules of origin regimes and assisting exporters to identify opportunities created by preferential access has become a key component of Myanmar's trade policy.

However, the window of opportunity provided by unilateral trade preferences is now shrinking. Unless action is taken, a reversal of the favourable trend described above may take place in the next years to come. As examined in this section, a positive trade agenda should be quickly and effectively put in place by Myanmar based on the initial findings of this study, while on other areas, further research has to be carried out as outlined below:

### 1. The actual positioning of Myanmar in the international trade scene and potential leading role of an ASEAN LDC agenda.

It is recommended that as a matter of priority Myanmar reaches out to other ASEAN LDCs to establish a consultative and coordinated group among capitals and Geneva-based delegations at WTO to build up a coordinated positive agenda as suggested in this chapter. Through this mechanism the ASEAN LDCs should be able to quickly develop a more assertive and autonomous positive agenda in the different negotiating scenarios in WTO and at regional level as further detailed below:

- (a) Establish a consultation mechanism among the ASEAN LDC delegations at WTO and in capitals to coordinate negotiating positions and initiatives on the issues at stake in WTO, namely e-commerce, investment facilitation, MSME and other themes;
- (b) Prepare intensively for the next CRO meetings and initiate consultations for the possible launching on a plurilateral initiative to simplify rules of origin;
- (c) Coordinate with ASEAN LDCs to raise joint concerns over SPS measures adopted by China on rice and other products of export interest at the next WTO SPS Committee, and follow up the initiatives.

### 2. Building new trade initiatives with the European Union in view of the European Union–ASEAN FTAs

In view of the above analysis, Myanmar and other ASEAN LDCs should take the initiative to enter into a trade policy dialogue with the European Union to define a new trade relation that goes beyond EBA.

ASEAN LDCs are expected to graduate from LDC status in the near future and the current market access under EBA that has been a crucial factor in their export performance is going to be progressively eroded by the ASEAN FTAs.

The combined effects of these two looming events require timely and concrete actions. Myanmar should prepare a short roadmap for a new partnership between ASEAN LDCs and the European Union and discuss it with other ASEAN counterparts at the nearest opportunity. It should take the initiative to convene a meeting at high level among the ASEAN LDC to agree on a roadmap to initiative discussions with the newly appointed European Union trade commissioner to discuss a new partnership.

In addition, Myanmar will have to undertake actions at the technical level to prepare the ground for extended cumulation with Viet Nam and explore possible ways to cumulate with Japan.



The request for extended cumulation to the European Union requires that Myanmar engage in early discussion with Vietnamese counterparts to seek their support for extended cumulation. In this context, it has to be recalled that it took months to secure an understanding from the Malaysia authorities to issue certificates for origin under the derogation. A similar if not longer time frame may be expected with Viet Nam and early contacts should be made with Japan to secure a similar approach.

Such action should be undertaken as soon as possible to relay a message to bicycle manufacturers that the Government is actively pursuing a viable trade strategy.

### 3. RCEP and CP-TPP – Challenges and opportunities

#### RCEP

- As a matter of priority Myanmar with other ASEAN LDCs should insist on special and differential treatment during the implementation phase of RCEP.
- An overall and product-specific assessment should be made using the methodology adopted in table 9 to measure what additional market is granted under current RCEP and negotiating objectives should be set accordingly.
- An overall assessment has to be made of the value of RCEP with respect to trade in goods, services and other trade related aspects. As soon as the RCEP text is made public, a full-fledged assessment should be carried out to identify where and how RCEP is granting to Myanmar better market access that -

#### CP-TPP

- Conduct a deeper and comprehensive assessment of the CP-TPP and initiate consultations with other ASEAN LDCs for a possible joint initiative to accede to the CP-TPP as an ASEAN LDCs group.
- Initiate informal consultations either directly or indirectly to identify the possible flexibilities and carve out what may be discussed upon accession, especially on ISDS provision and other aspects.

#### Japan

- As a matter of priority, Myanmar and other ASEAN LDCs with the assistance of development partners should take advantage of the set agenda of the LDC core group on rules of origin in order to table a document:

- To highlight the changes to be made in the PSRO of the GSP of Japan;
- To request to expand the scope of Japan cumulation provision for ASEAN to include Myanmar and other ASEAN LDCs;
- To take the opportunity of the next WTO CRO to open a dialogue on better RoO for ASEAN LDC under the different trade arrangements currently being negotiated like RCEP or in the near future, a bilateral Japan–ASEAN FTA;
- Myanmar should carry out a comparative study on the different FTAs entered by Japan to secure and argue better trade preferences and determining the content of possible close trade relations with Japan.

#### India

- Myanmar with other ASEAN LDCs should raise specific concerns over the close-to-zero utilization rates of the DFQF measures applied by India on bean imports and other related agricultural products in the next session of the WTO SPS committee.
- Myanmar should check the WTO consistency of India import quotas and internal prices mechanisms and enter into a bilateral dialogue to address and stabilize the trade relation with India on beans and pulses as well as other agricultural products.
- Myanmar and other LDCs should coordinate negotiating position to mature a common negotiating stance towards India. A document detailing where improvements on the current rules of origin provided by India should be prepared by ASEAN LDC and presented at the above-mentioned WTO committee. Subsequently Myanmar and other ASEAN LDC should launch initiatives to follow up on this matter to obtain better market access and rules of origin.

### 4. Addressing SPS issues with China and other partners

- Myanmar joined with other ASEAN LDCs should raise specific concern over the SPS measures applied by China on rice imports and other related agricultural products in the next session of the WTO SPS committee.
- Myanmar should develop a negotiating strategy with other ASEAN LDCs to ensure that the RCEP provision on SPS contains WTO-plus elements that could facilitate market access to China.

## 5. Research and capacity-building

It is of paramount importance that Myanmar invests resources in further developing and studying the challenges and trading opportunities that are highlighted in this section and build the necessary capacity in the different ministries and private sector. In spite of numerous Aid for Trade initiatives present in the country,

there are very few resources dedicated to establishing a trained pool of trade negotiators and researchers. Such recommendations largely echo those already made almost three years ago during a workshop organized by the Ministry of Commerce and UNCTAD.<sup>69</sup> Such research and capacity-building should assist the Government in taking informed decisions on trade policy at large and in carrying out related trade negotiations.

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<sup>69</sup> See <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1233>.

## ANNEXES

### A. ASEAN – China Free Trade Agreement

#### Product-specific rules of origin (PSRO)

The 472 PSRO of ACFTA are contained in the attachment B to annex 1 of the 2015 amendment. The requirements comprise 59 exclusive rules/criteria (part A) that range from RVC of not less than 40 per cent, CTC to specific requirements and 413 alternative rules

(part B). Regarding the alternative rules, the exporter can use either the general rule set out in rule 4 of the ASEAN–China FTA RoO or the regulations included in this attachment. Most recently these rules of origin have changed in the amended ACFTA.<sup>70</sup> An assessment of these new rules of origin has yet to be made and is not contained in this study.

In contrast to other FTA PSRO, ACFTA alternative rules are sometimes clustered by the rule itself, not the HS Code. For example, for CTC (excerpt):

Serial No.	HS chapter	Product description	Origin criteria
68	3006.10	Sterile surgical catgut, similar sterile suture materials (including sterile absorbable surgical or dental yarns) and sterile tissue adhesives for surgical wound closure; sterile laminaria and sterile laminaria tents; sterile absorbable surgical or dental haemostatics; sterile surgical or dental adhesion barriers, whether or not absorbable	Change to subheading 3006.10 from any other heading
69	4103.90	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment – dressed or further prepared), whether or not dehaired or split, other than those excluded by Note 1(b) or 1(c) to this chapter: Other	Change to subheading 4103.90 from any other heading
70	7218.10	Ingots and other primary forms	Change to subheading 7218.10 from any other heading

In the case of process criteria for textile and textile products, specific regulations are categorized by the product categories such as (a) fibres and yarns; (b) fabric/carpet and other textile floor coverings; special yarns, twine cordage and ropes and cables and articles thereof; (c) articles of apparel and clothing accessories and other made-up textile articles. These broader categories often give alternative regulations, for example for (c) (excerpt):

- (i) Manufacture through the processes of cutting and assembly of parts into a complete article (for apparel and tents) and incorporating embroidery or embellishment or printing (for made-up articles) from: - raw or unbleached fabric - finished fabric; OR
- (ii) Undergo a change in tariff classification (hereinafter referred to as “CTC”) at four-digit level, which is a change in tariff heading, of the Harmonized System

Serial No.	HS chapter	Product description
309	6117.80	Clothing accessories, of textile materials, knitted or crocheted
310	6117.90	Parts of garments/ of clothing accessories, of textile materials, knitted or crocheted
311	6201.11	Men's/ boy' overcoats & similar articles of wool/ fine animal hair, not knitted or crocheted

<sup>70</sup> See <https://asean.org/wp-content/uploads/2012/10/Protocol-to-Amend-the-Framework-Agreement-ACFTA-Complete.pdf>

## B. Figures

Figure A.1: Myanmar export share by destination

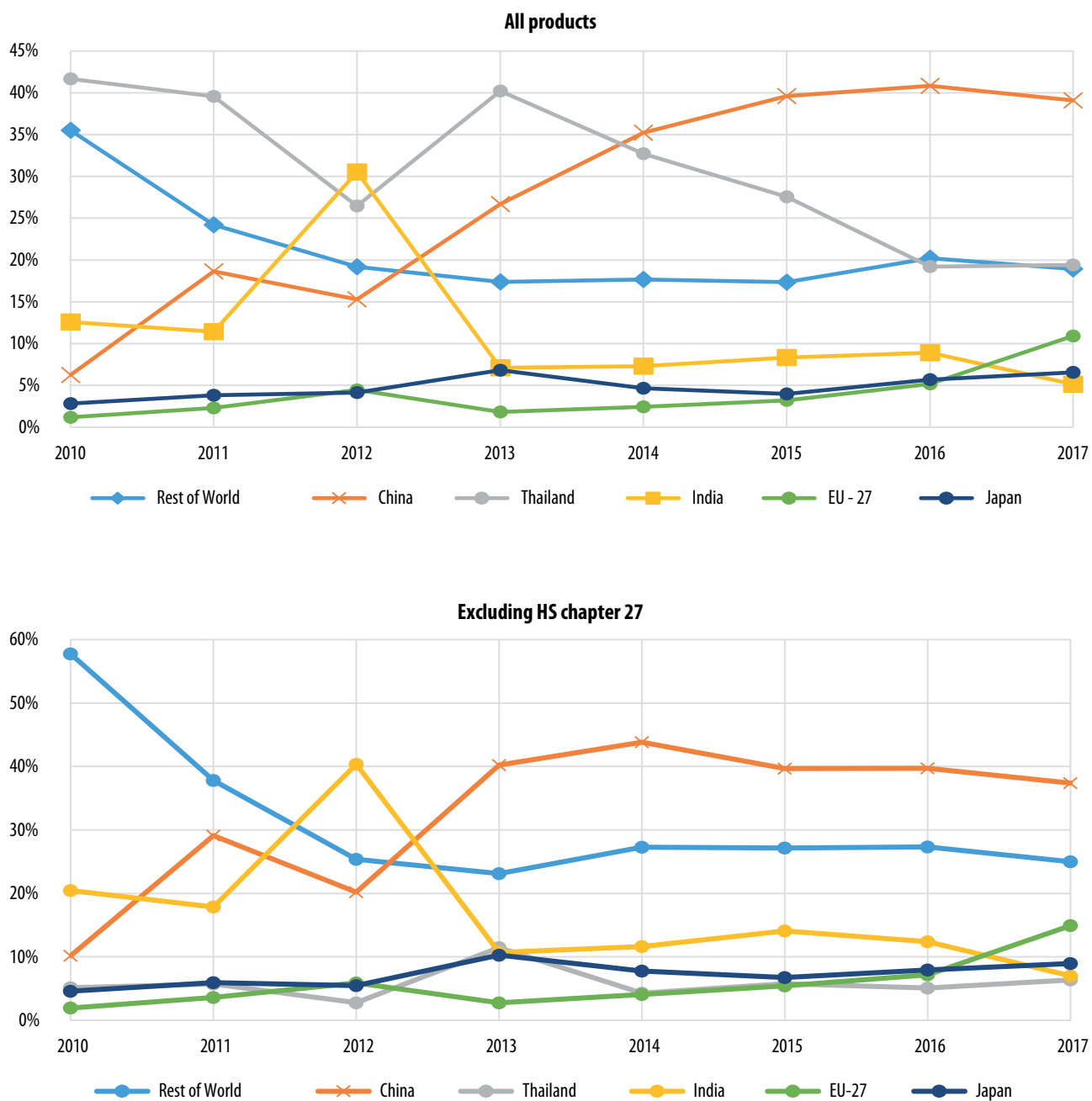


Figure A.2: Myanmar export values to selected countries/regions (millions of United States dollars)

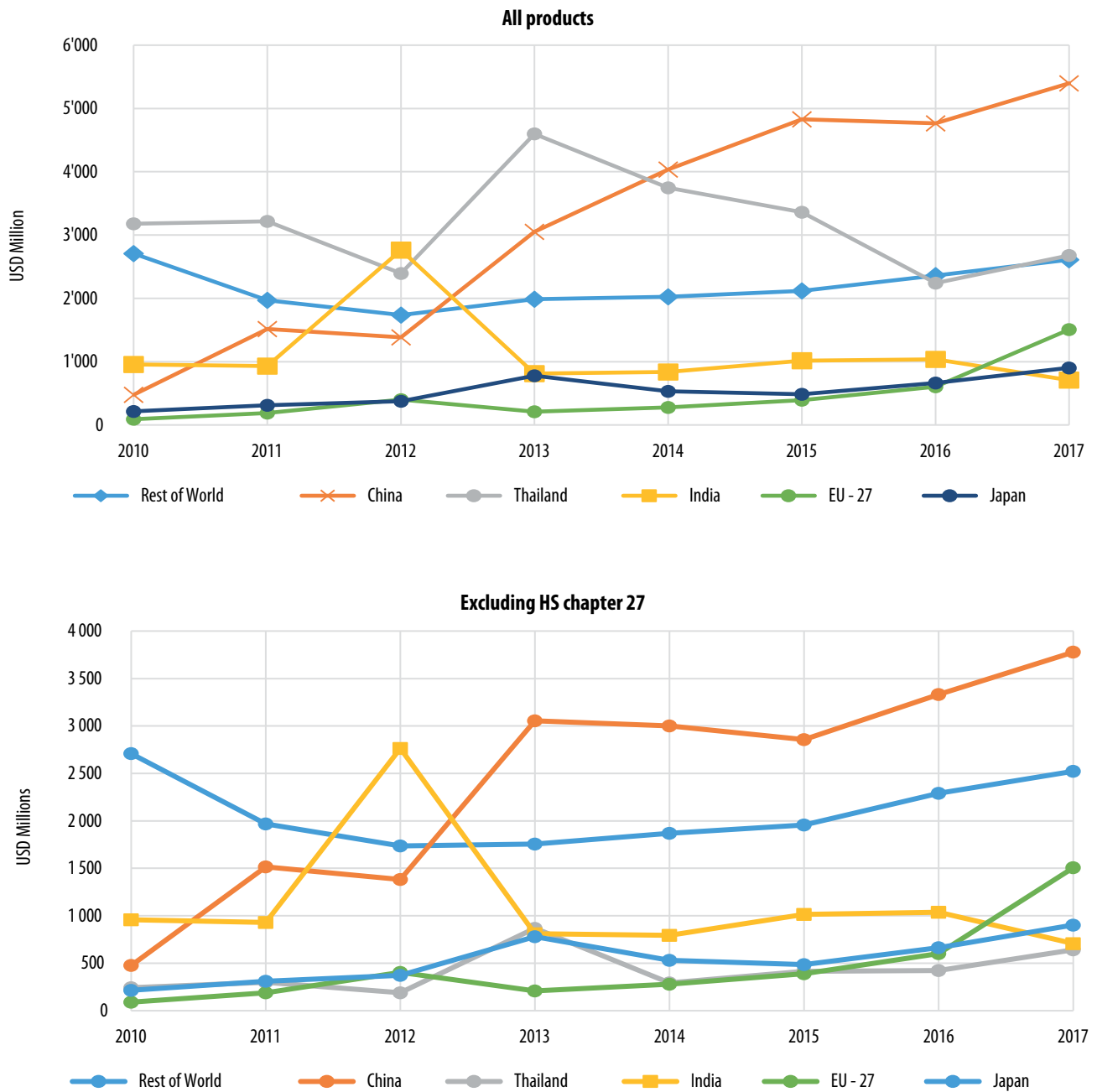


Figure A.3: Exports to ASEAN, China, India and rest of world

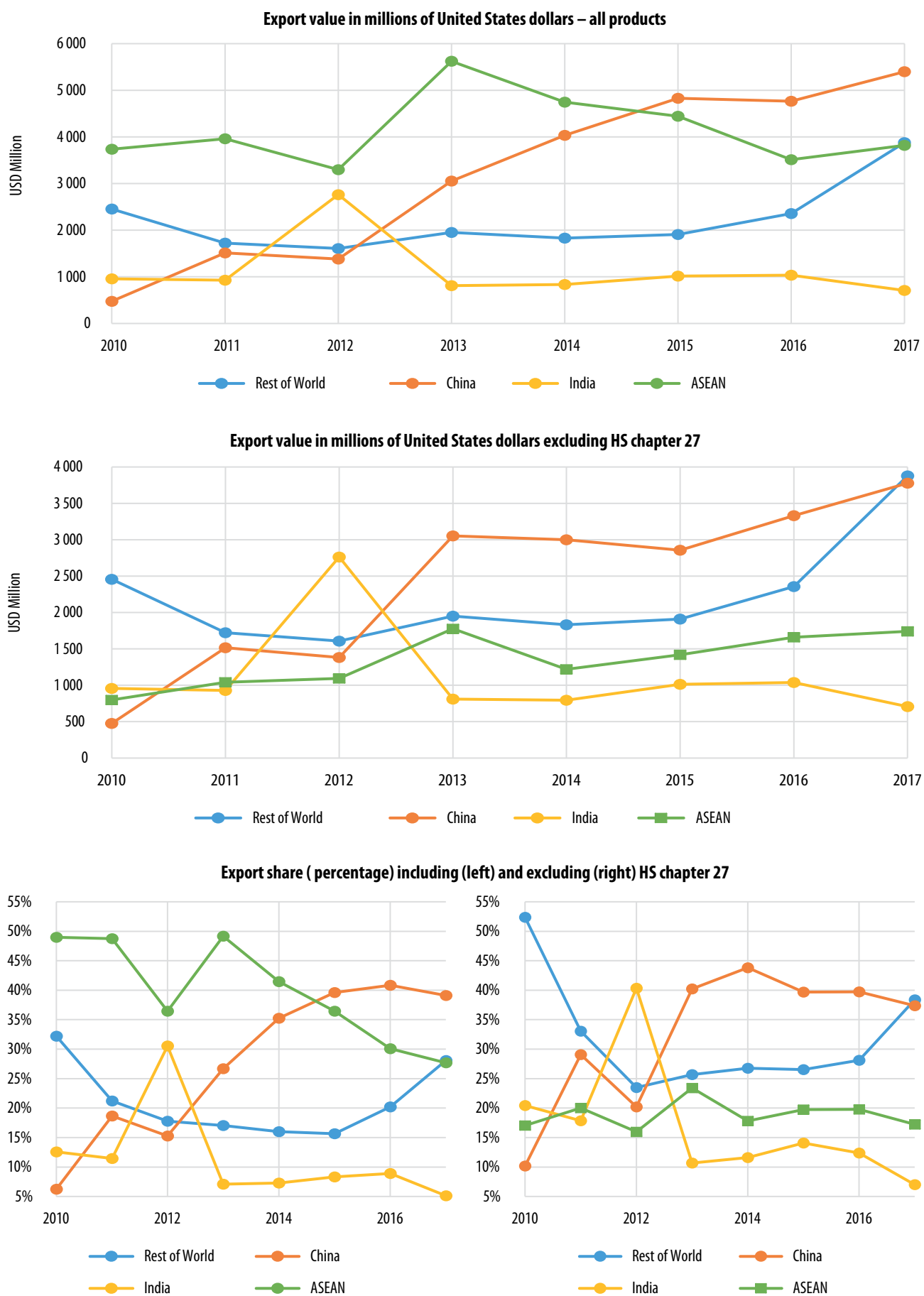




Figure A.4: HS 61 export shares by destination

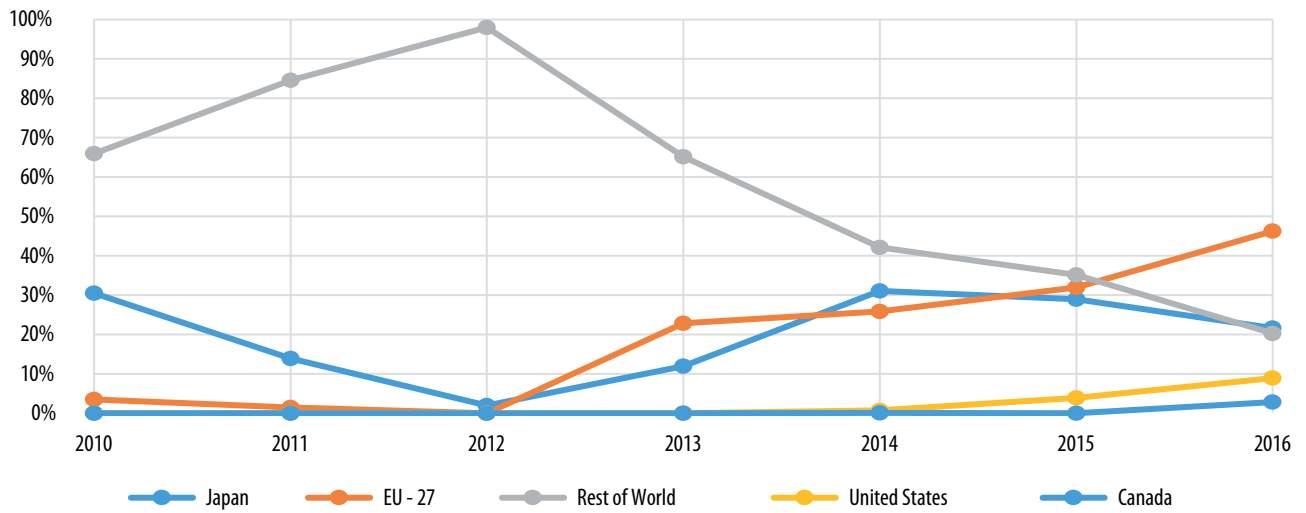


Figure A.5: Evolution of Myanmar exports to the European Union-28: chapters 61 and 62 (2010–2017)

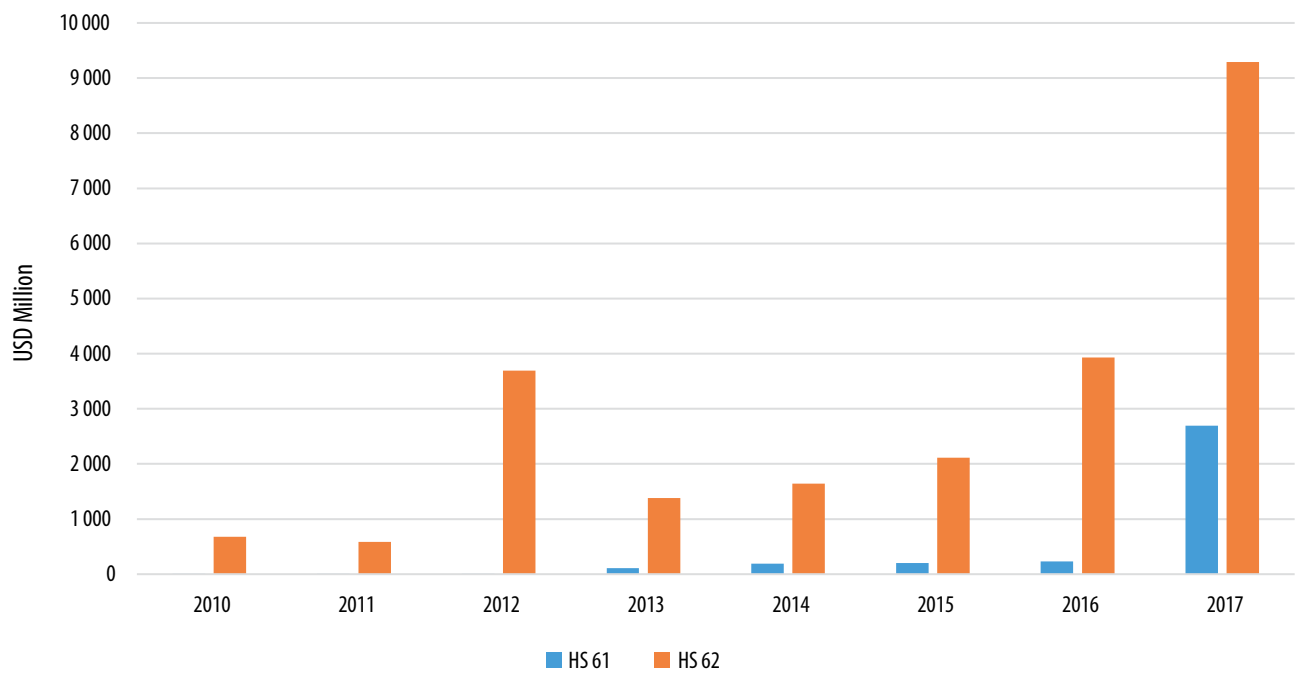


Figure A.6: Tariff lines most imported to the European Union from Myanmar at the six-digit level, and utilization rates (2013)

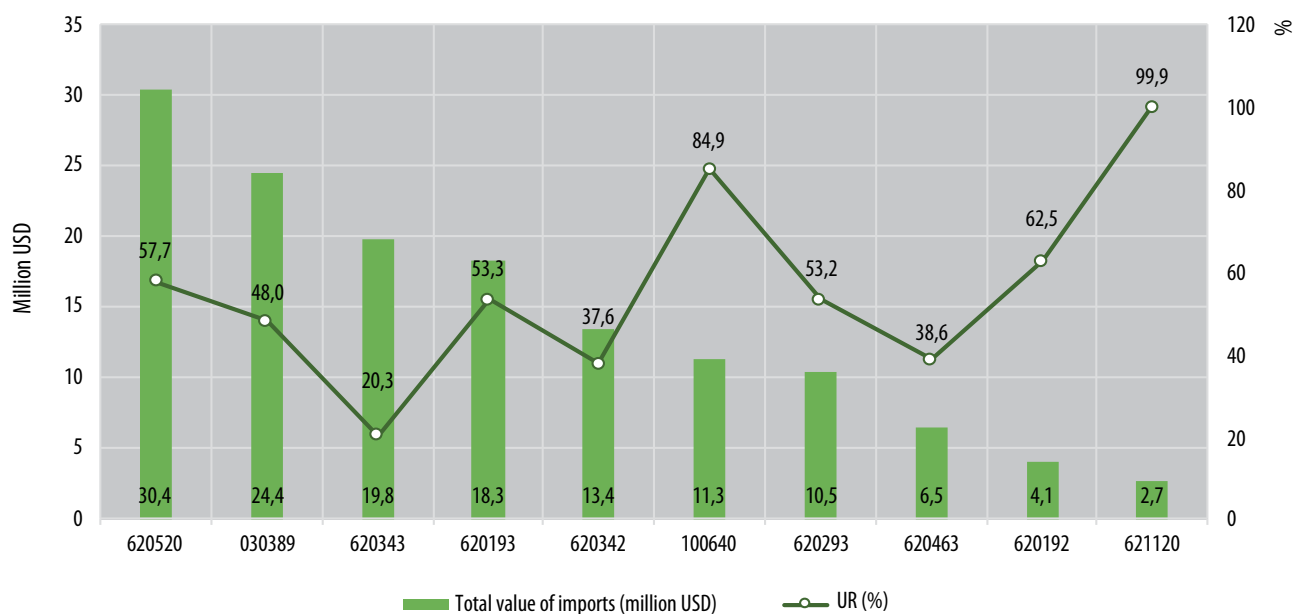


Figure A.7: Tariff lines most imported to the European Union from Myanmar at the six-digit level, and utilization rates (2015)

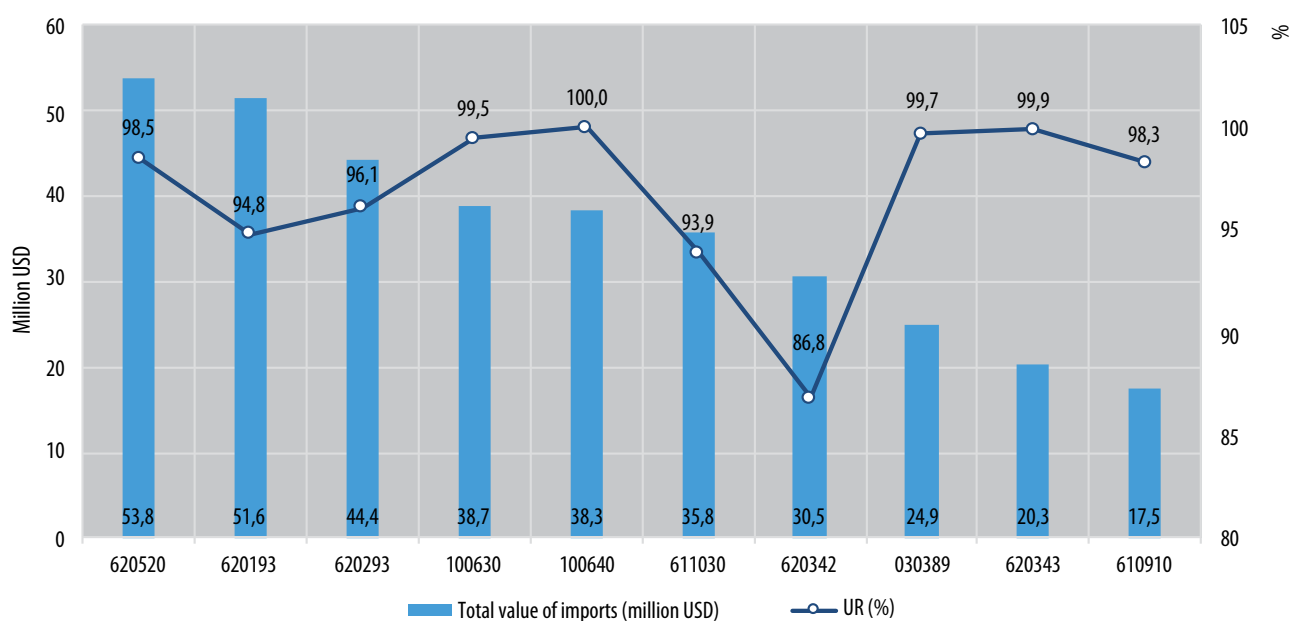


Figure A.8: European Union GSP utilization rates of HS 61 of selected countries

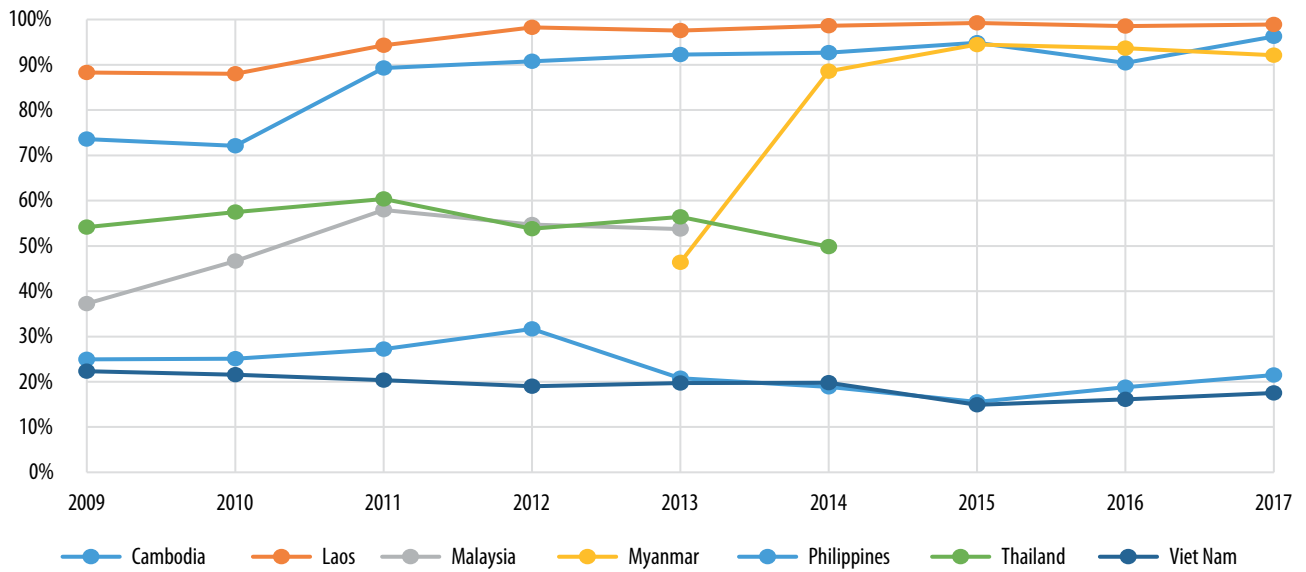
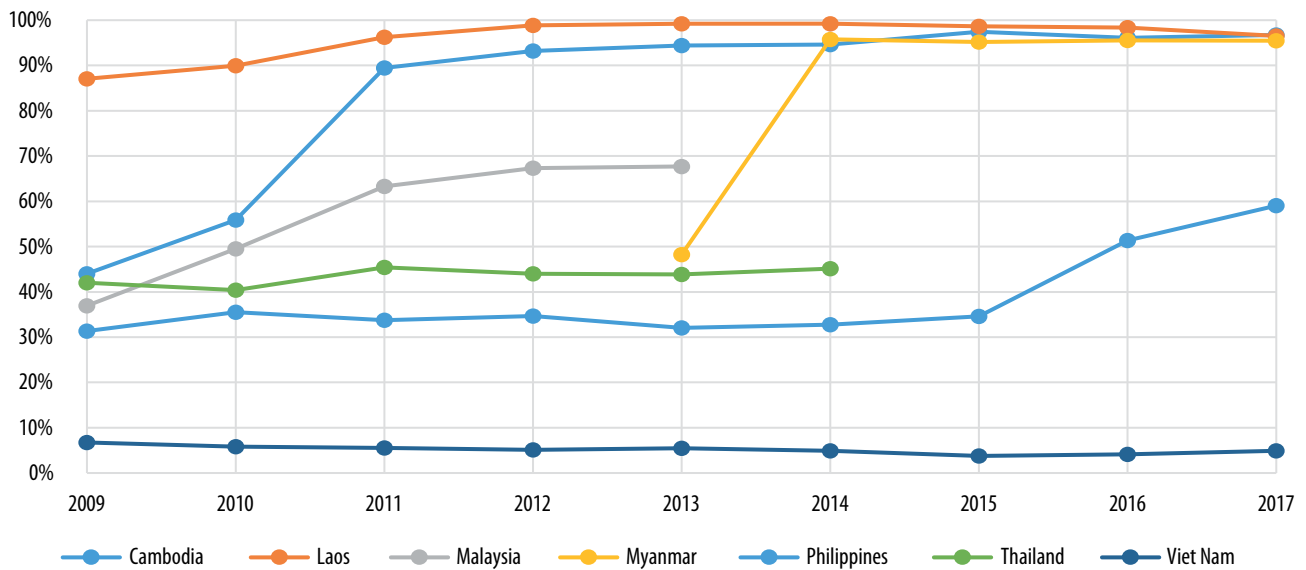


Figure A.9: European Union GSP utilization rates of HS 62 of selected countries



## C. Tables

**Table 16: Myanmar's most-exported products to European Union-27 in 2017**

Rank	Chapter	Subheading	Description	Exports to European Union-27 (\$ millions)
1	62	620339	Men's or boys' jackets and blazers of other textile materials	156.67
2	62	620690	Women's or girls' blouses, shirts and shirt-blouses of other textile materials	99.84
3	62	620319	Men's or boys' suits of other textile materials	97.12
4	10	100640	Broken rice	81.49
5	62	620520	Men's or boys' shirts of cotton	78.39
6	62	620293	Women's or girls' anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of man-made fibres	65.59
7	62	620193	Men's or boys' anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of man-made fibres	53.73
8	61	610190	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of other textile materials	50.87
9	61	611030	Jerseys, pullovers, cardigans, waist-coats and similar articles, knitted or crocheted of man-made fibre	38.82
10	61	610290	Women's and girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of other textile materials	37.95
11	62	620213	Women's or girls' overcoats, raincoats, car-coats, capes, cloaks and similar articles of man-made fibres	30.54
12	64	640411	Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like	21.44
13	61	611020	Jerseys, pullovers, cardigans, waist-coats and similar articles, knitted or crocheted of cotton	21.32
14	10	100620	Husked (brown) rice	20.02
15	62	620311	Men's or boys' suits of wool or fine animal hair	20.00
16	62	621111	Men's or boys' swimwear	19.24
17	62	621020	Garments of the type described in subheadings 6201.11 to 6201.19	18.91
18	62	620590	Men's or boys' shirts of other textile materials	18.56
19	62	621210	Brassieres	15.20
20	03	030379	Other fish excluding livers and roes	15.06
21	62	620439	Women's or girls' jackets and blazers of other textile materials	14.86
22	62	620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton	14.46
23	64	640419	Footwear with outer soles of rubber or plastics other than sports footwear	13.29
24	64	640219	Other sports footwear with outer soles and uppers of rubber or plastic	12.36
25	64	640399	Other footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather.	12.12
26	62	620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	11.62

**Table 17: Changes of provision on regional cumulation in the European Union GSP reform in 2011**

Old regulation	New regulation	Comments
<p><i>Article 72a</i></p> <p>1. When goods originating in a country which is a member of a regional group are worked or processed in another country of the same regional group, they shall have the origin of the country of the regional group where the last working or processing was carried out, provided that:</p> <ol style="list-style-type: none"> <li>The value added there, as defined in paragraph 3, is greater than the highest customs value of the products used originating in any one of the other countries of the regional group, and</li> <li>The working or processing carried out there exceeds that set out in Article 70 and, in the case of textile products, also those operations referred to at annex 16.</li> </ol>	<p>Where products manufactured in a beneficiary country of Group I (ASEAN) or Group III ( SAAARC) using materials originating in a country belonging to the other group are to be exported to the European Union, the origin of those products shall be determined as follows:</p> <ol style="list-style-type: none"> <li>materials originating in a country of one regional group shall be considered as materials originating in a country of the other regional group when incorporated in a product obtained there, provided that the working or processing carried out in the latter beneficiary country goes beyond the operations described in Article 78(1) and, in the case of textile products, also beyond the operations set out in annex 16.</li> <li>where the condition laid down in point (a) is not fulfilled, the products shall have as country of origin the country participating in the cumulation which accounts for the highest share of the customs value of the materials used originating in other countries participating in the cumulation.<sup>71</sup></li> </ol>	<p>In the case of the old regulation under paragraph (a ) the value of materials calculation was carried out automatically while in the case of the new regulation under (a) the test is <b>not</b> carried out unless the imported materials only undergo insufficient working or processing as contained in art 78 (1) and the operations described in annex 16 for textiles and clothing.<sup>72</sup></p>

<sup>71</sup> The wording of this article has been changed in the Union Customs code but the substance remains the same.

<sup>72</sup> Working such as: fitting of buttons and/or other types of fastenings, making of button-holes, finishing off the ends of trouser legs and sleeves or the bottom hemming of skirts and dresses etc., hemming of handkerchiefs, table linen etc., fitting of trimmings and accessories such as pockets, labels, badges, etc. ironing and other preparations of garments for sale 'ready made', or any combination of such working.

**Table 18: European Union–Singapore, European Union–Republic of Korea and European Union–Viet Nam FTA PSRO HS 61, HS 62**

FTA	PSRO	Cumulation	Intermediate rule
European Union – Singapore			
Garments HS 61	Knitting and making-up (including cutting)	Diagonal cumulation with ASEAN countries	Yes, as in EBA
Garments HS 62	Weaving accompanied by making-up (including cutting)	As above	As above
European Union – Republic of Korea			
Garments HS 61	Spinning of natural and/or man-made staple fibres, or extrusion of man-made filament yarn, accompanied by knitting (knitted to shape products) (5) or Knitting and making up including cutting (assembling, two or more pieces of knitted or crocheted fabric which have been either cut to form or obtained directly to form	Possibility of cumulation with other Countries who entered in a FTA with the European Union	As above
Garments HS 61	Weaving accompanied by making-up (including cutting)		
European Union – Viet Nam			
Garments HS 61	Knitting and making-up (including cutting) Spinning of natural or man-made staple fibres or extrusion of man-made filament yarn, in each case accompanied by knitting (knitted to shape products); or dyeing of yarn of natural fibres accompanied by knitting (knitted to shape products).		
Garments HS 62	Weaving accompanied by making-up (including cutting); or making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerizing, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatizing, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47,5 per cent of the ex-works price of the product.		

**Table 19: Australian imports from Myanmar and utilization rates (thousands of United States dollars) – 2017 (sorted in descending order of MFN received imports (> \$300,000), filtered: UR < 70 per cent, PM > 2pp)**

HS	Product	Dutiable	Covered imports	Receiving DFQF pref.	MFN received	Other scheme.	UR	PM
Total for all products		13 803.51	13 804	4 469	9 334	0	32.4	5
420292	Cases and containers; n.e.c. in heading 4202, with outer surface of sheeting of plastics or of textile materials	1439	1439	4	1435	0	0.2	5
610821	Briefs and panties; women's or girls', of cotton, knitted or crocheted	1236	1236	37	1199	0	3.0	5
420299	Cases and containers; n.e.c. in heading 4202, of vulcanized fibre or of paperboard, or wholly or mainly covered with such materials or with paper	922	922	0	922	0	0.0	5
392690	Plastics; other articles n.e.c. in chapter 39	670	670	0	670	0	0.0	5
640399	Footwear; n.e.c. in heading no. 6403, (not covering the ankle), outer soles of rubber, plastics or composition leather, uppers of leather	592	592	4	588	0	0.7	5
610822	Briefs and panties; women's or girls', of man-made fibres, knitted or crocheted	574	574	2	572	0	0.4	5
640219	Sports footwear; (other than ski-boots, snowboard boots or cross-country ski footwear), with outer soles and uppers of rubber or plastics	408	408	0	408	0	0.0	5
620520	Shirts; men's or boys', of cotton (not knitted or crocheted)	380	380	1	379	0	0.2	5
640411	Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials	324	324	0	324	0	0.0	5

**Table 20: Republic of Korea imports from Myanmar and Utilization Rates (thousands of United States dollars) – 2017 (sorted in descending order of MFN received imports (> \$1 million), filtered: UR < 70 per cent, PM > 2pp)**

HS	Product	Dutiable	Covered imports	Receiving DFOF pref.	MFN received	Other scheme.	UR	PM
Total for all products		439 820	384 071	32 550	8 676	342 845	8.5	10.8
620193	Men's or boys' anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of man-made fibres	85 097	85 094	477	2 351	82 266	1	13
620293	Women's or girls' anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of man-made fibres	64 882	64 882	306	985	63 591	0	13
670419	False beards, eyebrows and eyelashes, switches and the like; of synthetic textile materials	1 586	1 586	0	967	619	0	8
630720	Life-jackets and life-belts	950	950	0	352	598	0	10
440729	Wood, tropical, n.e.c. in item no. 4407.2, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm	372	372	86	286	0	23	5
611030	Jerseys, pullovers, cardigans, waist-coats and similar articles, knitted or crocheted of man-made fibre	8 476	8 476	1 425	257	6 795	17	13
621050	Garments; women's or girls', n.e.c. in item no. 6210.3, of the fabrics of heading no. 5602, 5603, 5903, 5906 or 5907 (not knitted or crocheted)	4 663	4 663	0	164	4 499	0	13
420292	Cases and containers; n.e.c. in heading 4202, with outer surface of sheeting of plastics or of textile materials	2 789	2 789	0	159	2 630	0	8

**Table 21: European Union imports from Myanmar with low GSP utilization in 2017 (< 70 per cent, PM > 2, in thousands of United States dollars)**

Rank	HS	Product	GSP cov.	GSP rec.	MFN rec	Oth.	UR (%)	PM
1	71131900	Jewellery of other precious metal	2 779	0	2 779	0	0.00	2.5
2	85011010	Motors of an output not exceeding 37,5 W	2 373	622	1 751	0	26.21	4.7
3	94019080	Parts of seats	1 772	803	969	0	45.32	2.7
4	85258019	TVCs, digital cameras and video camera recorders, other	1 621	0	1 621	0	0.00	4.1
5	63059000	Sacks and bags, of a kind used for the packing of goods of other mats	1 084	0	1 084	0	0.00	6.2
6	95065100	Lawn-tennis rackets, W/N strung	758	352	406	0	46.44	4.7
7	64039931	Other footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	670	464	206	0	69.25	8
8	85258099	TVCs, digital cameras and video camera recorders, other	626	0	626	0	0.00	10.5
9	44072915	Other wood sawn or chipped lengthwise, e.j. W/N planed or sanded	567	318	249	0	56.08	2.5
10	61178080	Other made-up clothing accessories, KoC; KoC parts of garments or of clothing accessories	518	291	227	0	56.18	12
11	94039030	Part of furniture of other mats, including cane, osier, bamboo	504	57	447	0	11.31	2.7
12	44083995	Other wood sawn or chipped lengthwise, sliced or peeled, W/N planed, sanded or e.j. of a thickness exceeding 1 mm	465	0	465	0	0.00	4
13	63079098	Other made-up articles, including dress patterns	464	277	187	0	59.70	6.3
14	62044990	Dresses of other textile mats	453	156	297	0	34.44	12
15	85258091	TVCs, digital cameras and video camera recorders, only able to record sound and images taken by the TVC	408	0	408	0	0.00	4.1
16	73269098	Other articles of iron or steel such as ladders, pallets, reels	240	31	209	0	12.92	2.7
17	62034919	Trousers, bib and brace overalls, breeches and shorts of other textile mats	222	127	95	0	57.21	12
18	63053219	Flexible intermediate bulk containers	192	0	192	0	0.00	7.2
19	61022090	Women's and girls' overcoats, anoraks and similar articles of ctn	188	128	60	0	68.09	12
20	61079100	Men's or boys' bathrobes, dressing gowns and similar articles, KoC, of ctn	158	106	52	0	67.09	12

W/N: whether or not; KoC: knitted or crocheted; TVC: television camera; e.j.: end-jointed; ctn: cotton; mats: materials.



**Table 22: United States imports from Myanmar with low GSP utilization in 2017 (< 70 per cent, PM > 2, in thousands of United States dollars)**

Rank	HS	Product	GSP cov.	GSP rec.	MFN rec	Oth.	UR (%)	PM
1	39269075	Pneumatic mattresses and other inflatable articles, nesoi, of plastics	3 304	733	2 571	0	22.19	4
2	71131950	Precious metal (pm) (o/than silver) articles of jewellery and parts thereof, W/N plated or clad with pm, nesoi	621	0	621	0	0.00	5
3	42023299	Articles carried in pocket/ handbag with outer surface of sheeting of plastics or of textile mats, other	211	0	211	0	0.00	17
4	95065120	Lawn-tennis rackets, strung	205	0	205	0	0.00	5
5	63079098	Other made-up articles, including dress patterns	118	27	91	0	22.88	7
6	39262090	Articles of apparel and clothing accessories (inc. gmm), Aaca, of plastic, nesoi	90	0	90	0	0.00	5
7	21041000	Soups and broths and preparations therefor	68	42	26	0	61.76	3
8	61178085	Other made-up clothing accessories, KoC; KoC parts of garments or of clothing accessories	59	22	37	0	37.29	14
9	71171990	Imitation jewellery	56	0	56	0	0.00	11
10	39262030	aaca (inc. gmm), Gloves specially designed for use in sports, nesoi, of plastics	47	0	47	0	0.00	3
11	95065140	Lawn-tennis rackets, not strung	47	13	34	0	27.66	3
12	42023293	Articles carried in pocket/ handbag with outer surface of sheeting of plastics or of textile mats, of man-made fibres	42	15	27	0	35.71	17
13	42032160	Ski or snowmobile gmm, nesi, of leather or of composition leather	39	7	32	0	17.95	5
14	96151960	Combs, hair-slides and the like	38	4	34	0	10.53	11
15	73262000	Articles of iron or steel wire	38	0	38	0	0.00	3
16	09021010	Green tea	30	0	30	0	0.00	6
17	71131929	Gold necklaces and neck chains (o/than of rope or mixed links)	28	0	28	0	0.00	5
18	42032180	Gmm specially designed for use in sports, nesi, of leather or of composition leather	27	0	27	0	0.00	4
19	03063320	Crabs	26	0	26	0	0.00	7
20	39249056	Tableware and kitchenware such as ironing boards	16	0	16	0	0.00	3

*Mats: materials; gmm: gloves, mittens and mitts; KoC: knitted or crocheted; Aaca: articles of apparel and clothing accessories.*

Table 23: Myanmar exports to RCEP member countries and principal export destinations within the region, 2017 (sorted in descending values, cumulative export share &lt; 75 per cent)

Product		MMR Exports					Principal MMR export destinations within RCEP members										
HS code	Description	Value (\$000)	Share in total exp (%)	Cum. exp. share (%)	# dest	1st destination			2nd destination			3rd destination					
						ISO3 code	Share (%)	MFN (%)	# NL	ISO3 code	Share (%)	MFN (%)	# NL	ISO3 code	Share (%)	MFN (%)	# NL
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	TOTALS FOR ALL PRODUCTS	11 049 279	100.00	100.00	15	CHN	48.1	.	.	THA	24.0	.	.	JPN	8.2	.	.
271111	Natural gas, liquefied	2 986 970	27.03	27.03	2	THA	65.9	0.00	1	CHN	34.1	0.00	1		.	.	.
071331	Dried beans, shelled	628 118	5.68	32.72	14	IND	50.5	30.00	1	CHN	27.2	1.50	2	IDN	4.5	2.50	2
100620	Husked (brown) rice	537 757	4.87	37.58	9	CHN	98.1	33.00	4	SGP	1.5	0.00	2	MYS	0.2	40.00	2
740311	Copper cathodes and sections of cathodes unwrought	485 224	4.39	41.98	6	CHN	48.0	2.00	4	THA	28.2	1.00	1	IDN	9.5	5.00	1
170199	Cane or beet sugar, in solid form, nes	420 323	3.80	45.78	6	CHN	99.8	32.50	6	IND	0.2	100.00	2	IDN	0.1	.	2
710310	Prec or semi-prec stones (o/t diamonds) unwkd or simply sawn or rough shpd	343 632	3.11	48.89	3	CHN	100.0	3.00	1	THA	0.0	0.00	3	KOR	0.0	1.00	1
170191	Cane or beet sugar, containing added flavouring or colouring	338 090	3.06	51.95	3	CHN	99.9	32.50	2	THA	0.1	94.00	1	SGP	0.0	0.00	1
720260	Ferro-nickel	334 296	3.03	54.98	3	CHN	95.7	2.00	1	IND	3.2	2.50	1	SGP	1.0	0.00	1
271121	Natural gas in gaseous state	286 244	2.59	57.57	1	CHN	100.0	0.00	1		.	.	.		.	.	.
100510	Maize seed	285 769	2.59	60.15	7	CHN	95.1	10.50	2	VNM	4.0	0.00	1	MYS	0.4	0.00	1
271019	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations not elsewhere specified/incld. containing by weight 70 per cent/ more of petroleum oils/of oils obtained from bitumen	277 725	2.51	62.67	3	CHN	99.9	6.46	13	IND	0.1	8.06	9	SGP	0.0	0.00	16
890520	Floating or submersible drilling or production platforms	264 097	2.39	65.06	1	SGP	100.0	0.00	1		.	.	.		.	.	.
880240	Aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	212 062	1.92	66.98	4	SGP	66.0	0.00	2	IND	21.2	2.50	1	VNM	12.7	0.00	2
400121	Smoked sheets of natural rubber	161 570	1.46	68.44	8	CHN	79.6	20.00	1	MYS	12.6	0.00	6	THA	3.6	0.00	6
120740	Sesamum seeds	158 069	1.43	69.87	9	CHN	75.8	5.00	2	KOR	9.6	.	1	JPN	9.2	0.00	1
270900	Petroleum oils and oils obtained from bituminous minerals, crude	112 018	1.01	70.88	3	THA	61.2	0.00	3	MYS	20.2	2.50	2	SGP	18.6	0.00	3

KoC: Knitted or Crocheted; MFN unweighted average; NL: national tariff lines.

**Table 24: Myanmar exports to CP-TPP member countries and principal export destinations within the region, 2017 (sorted in descending values, cumulative export share < 65 per cent)**

Product		MMR Exports					Principal MMR export destinations within CP-TPP members										
HS code	Description	Value (\$000)	Share in total exp (%)	Cum. exp. share (%)	# dest	1st destination			2nd destination			3rd destination					
						ISO3 code	Share (%)	MFN (%)	# NL	ISO3 code	Share (%)	MFN (%)	# NL	ISO3 code	Share (%)	MFN (%)	# NL
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	TOTALS FOR ALL PRODUCTS	2 010 819	100.00	100.00	11	JPN	44.9	.	.	SGP	33.9	.	.	MYS	9.3	.	.
890520	Floating or submersible drilling or production platforms	264 097	13.13	13.13	1	SGP	100.0	0.00	1								
880240	Aeroplanes and other aircraft, of an unladen weight exceeding 15,000 kg	167 056	8.31	21.44	2	SGP	83.8	0.00	2	VNM	16.2	0.0	2		.	.	.
071331	Dried beans, shelled	87 011	4.33	25.77	9	VNM	25.1	7.50	2	MYS	24.3	0.0	1	SGP	23.3	.	.
740311	Copper cathodes and sections of cathodes unwrought	69 016	3.43	29.20	3	MYS	51.3	0.00	1	VNM	42.7	0.0	1	SGP	6.0	0.00	2
620319	Men's or boys' suits of other textiles, nes	63 537	3.16	32.36	10	JPN	90.9	9.55	2	CAN	7.3	17.0	2	AUS	0.6	0.00	1
620339	Men's or boys' jackets and blazers of other textiles, nes	61 180	3.04	35.40	8	JPN	92.4	10.33	3	CAN	4.0	17.0	2	MYS	2.8	5.00	1
640399	Footwear with rubber soles, leather uppers, not covering the ankle	48 097	2.39	37.80	10	JPN	97.7	22.38	11	AUS	0.8	5.0	1	CAN	0.8	0.00	1
620590	Men's or boys' shirts of other textiles, nes	44 651	2.22	40.02	6	JPN	93.8	8.20	2	CAN	3.4	18.0	2	MYS	1.6	9.67	3
842123	Oil or petrol-filters for internal combustion engines	44 215	2.20	42.21	2	SGP	99.9	0.00	6	VNM	0.1	5.0	6		.	0.00	1
270900	Petroleum oils and oils obtained from bituminous minerals, crude	43 495	2.16	44.38	2	MYS	52.1	2.50	2	SGP	47.9	0.00	3		.	.	.
620690	Women's or girls' blouses, shirts, etc, of other textiles, nes	43 450	2.16	46.54	10	JPN	91.5	8.83	3	CAN	3.6	17.0	1	MEX	1.5	.	.
620333	Men's or boys' jackets and blazers of synthetic fibres	33 573	1.67	48.21	10	JPN	99.1	10.95	2	CAN	0.6	18.0	1	MEX	0.1	22.50	2
620193	Men's or boys' anoraks, wind-cheaters, etc, of man-made fibres	33 463	1.66	49.87	9	JPN	87.8	10.95	2	CAN	9.9	17.0	1	SGP	2.1	22.50	2
030617	Shrimps and Prawns, Frozen Nesoi	29 425	1.46	51.34	6	JPN	67.5	1.00	1	MYS	11.1	0.0	1	VNM	11.0	0.00	1
400121	Smoked sheets of natural rubber	26 563	1.32	52.66	5	MYS	76.4	0.00	6	JPN	19.0	0.0	1	AUS	2.3	9.00	4

KoC: Knitted or Crocheted; MFN unweighted average, NL: national tariff lines.

**Table 25: Japanese Imports from Myanmar and utilization rates under ASEAN and GSP, 2017 (sorted in descending order of MFN dutiable Imports < = \$2 million)**

HS2 code	HS chapter description	Product	Imports from Partner (thousands of United States dollars)							GSP utilization rate (%)	ASEAN utilization rate (%)
			Total value	MFN dutiable	Covered GSP	Covered ASEAN	NOT receiving pref.	Receiving GSP pref.	Receiving ASEAN pref.		
1	2		3	4	5	6	7	8	9	10	11
		TOTALS FOR ALL PRODUCTS									
52		Cotton, incl. yarns and woven fabrics thereof	1 714	1 714	1 714	1 714	1 710	4	0	0.23	0.00
58		Special woven fab; tufted tex fab; lace; tapestries etc	1 689	1 060	1 060	1 060	959	101	0	9.53	0.00
20		Preparations of vegetables, fruit, nuts or other parts of plants	1 488	1 488	1 488	1 326	878	610	0	40.99	0.00
63		Other made up textile articles; sets; worn clothing etc	1 470	1 470	1 470	1 470	626	791	53	53.81	3.61
95		Toys, games & sports equipment; parts & accessories thereof	1 388	797	481	797	357	124	316	25.78	39.65
00		Items beyond HS Classification	1 123	1 123	0	0	1 123	0	0	.	.
04		Dairy products; birds' eggs; natural honey; edible products nes	1 117	1 117	1 117	0	0	1 117	0	100.00	.
08		Edible fruit and nuts; peel of citrus fruit or melons	1 116	992	992	650	945	47	0	4.74	0.00
67		Prepared feathers & down & articles thereof; artificial flowers; articles of human hair	1 046	337	337	337	289	48	0	14.24	0.00
09		Coffee, tea, mate and spices	1 003	507	507	165	338	169	0	33.33	0.00
22		Beverages, spirits and vinegar	985	344	344	0	338	6	0	1.74	.
69		Ceramic products	689	689	689	689	681	8	0	1.16	0.00
96		Miscellaneous manufactured articles	647	277	277	277	267	10	0	3.61	0.00
65		Headgear and parts thereof	561	561	561	561	20	538	3	95.90	0.53
56		Wadding, felt & nonwoven; special yarns; twine, cordage, ropes and cables etc	387	387	387	387	372	15	0	3.88	0.00
53		Other vegetable textile fibres; paper yarn & woven fabric	344	0	0	0	0	0	0	.	.
83		Miscellaneous articles of base metal	343	343	343	343	338	5	0	1.46	0.00
17		Sugars and sugar confectionery	342	342	342	0	338	4	0	1.17	.
79		Zinc and articles thereof	340	0	0	0	0	0	0	.	.
15		Animal/vegetable (AV) fats & oils & their cleavage products; prepared edible fats; AV waxes	337	337	337	337	267	70	0	20.77	0.00
19		Preparations of cereal, flour, starch/milk; pastycooks' products	328	328	328	0	328	0	0	0.00	.
78		Lead and articles thereof	310	310	310	310	268	0	42	0.00	13.55
72		Iron and steel	291	0	0	0	0	0	0	.	.
43		Fur skins and artificial fur; manufactures thereof	284	284	284	0	284	0	0	0.00	.
30		Pharmaceutical products	282	0	0	0	0	0	0	.	.
55		Man-made staple fibres, incl. yarns and woven fabrics thereof	280	280	280	280	280	0	0	0.00	0.00
46		Manufactures of straw, esparto/other plaiting mat.; basket ware & wickerwork	259	259	259	259	179	29	51	11.20	19.69
46		Manufactures of straw, esparto/other plaiting mat.; basket ware & wickerwork	259	259	259	259	179	29	51	11.20	19.69

*Note: Non-dutiable trade under chapters 01, 05, 23, 25, 34, 40, 45, 48, 49, 68, 70, 73, 76, 84, 85, 87, 91, 97 not reported.*

**Table 26: Non-tariff measures imposed by Myanmar's partners (sorted in descending values of total NTM, MMR exports > \$4 million)**

Country	Bilateral NTM	Multilateral NTM	Total NTM	MMR exports (\$ millions) 2017
China	29	5 685	5 714	5 398.1
United States	778	3 995	4 773	277.3
New Zealand	177	1 847	2 024	4.5
Canada	44	1 577	1 621	60.6
Australia	7	1 611	1 618	25.9
Thailand	52	1 088	1 140	2 678.4
Brazil	16	1 047	1 063	7.9
Japan	31	1 025	1 056	903.0
Philippines	4	738	742	19.2
Argentina	1	691	692	5.8
Chile	8	680	688	7.2
Malaysia	9	665	674	187.8
Indonesia	17	569	586	118.6
Mexico	0	532	532	9.5
Russian Federation	34	479	513	18.6
Singapore	1	507	508	684.6
United Arab Emirates	48	426	474	70.5
Hong Kong, China	15	433	448	81.2
Switzerland	19	378	397	5.4
Saudi Arabia	4	356	360	30.2
Viet Nam	2	319	321	129.1
Nepal	0	279	279	4.6
Turkey	276	0	276	6.5
India	0	266	266	708.1
Bangladesh	1	244	245	128.9
Israel	0	243	243	4.8
Qatar	0	222	222	6.7
Cameroon	1	209	210	11.8
Sri Lanka	0	190	190	52.3
Guinea	2	162	164	26.0
Oman	1	148	149	4.5
Pakistan	7	131	138	67.1
Kuwait	0	121	121	7.4
Senegal	20	99	119	15.1
Afghanistan	0	104	104	17.1
Côte d'Ivoire	0	53	53	59.1

Source: UNCTAD TRAINS NTMs: The Global Database on Non-Tariff Measures, measures in force as of 28 April 2019.

**Table 27: Non-tariff measures imposed by Myanmar's partners by product (sorted in descending values of total NTM, MMR exports > \$5 million, share in total trade > 5 per cent, total NTM > 3)**

ISO3	HS6	Description	Bi-lateral NTM	Multi-lateral NTM	Total NTM	MMR exports (\$ millions)	Share in total trade (%)
CHN	100620	Cereals; husked (brown) rice	10	104	114	527.6	10
CHN	100510	Maize (corn), seed	1	97	98	271.7	5
CHN	271019	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations not elsewhere specified	0	88	88	277.4	5
CHN	170191	Cane or beet sugar, containing added flavouring or colouring	0	59	59	337.7	6
CHN	170199	Cane or beet sugar, in solid form, nes	0	59	59	419.4	8
VNM	071331	Dried beans, shelled	0	41	41	21.8	17
EUN	100640	Broken rice	0	36	36	81.5	5
CHN	271111	Natural gas, liquefied	0	31	31	1 019.7	19
ARE	071331	Dried beans, shelled	0	29	29	16.9	24
PHL	071331	Dried beans, shelled	0	26	26	10.5	54
IDN	100640	Broken rice	2	20	22	12.9	11
RUS	100620	Husked (brown) rice	0	22	22	6.1	33
VNM	100510	Maize (corn), seed	0	20	20	11.4	9
LKA	071331	Dried beans, shelled	0	19	19	11.9	23
LKA	100620	Husked (brown) rice	0	19	19	28.3	54
LKA	100640	Broken rice	0	19	19	10.3	20
CHN	271121	Natural gas in gaseous state	0	18	18	286.2	5
IDN	071331	Dried beans, shelled	2	15	17	28.5	24
CHN	720260	Ferro-nickel (granular/powder)	0	17	17	320.0	6
MYS	071331	Dried beans, shelled	2	14	16	21.2	11
IND	071390	Vegetables, leguminous; n.e.c. in heading no. 0713, shelled, whether or not skinned or split, dried	0	15	15	107.4	15
IND	071331	Dried beans, shelled	0	15	15	317.2	45
USA	620319	Men's or boys' suits of other textiles, nes	0	11	11	29.9	11
EUN	620339	Men's or boys' jackets and blazers of other textiles, nes	0	8	8	156.0	10
EUN	620319	Men's or boys' suits of other textiles, nes	0	8	8	97.1	6
EUN	620520	Men's or boys' shirts of cotton	0	7	7	78.3	5
EUN	620690	Women's or girls' blouses, shirts and shirt-blouses of other textile materials	0	7	7	100.0	7
MYS	270900	Petroleum oils and oils obtained from bituminous minerals, crude	0	6	6	22.7	12
CAN	620293	Women's or girls' anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles of man-made fibres	0	6	6	7.1	12
SEN	100640	Broken rice	1	5	6	15.0	100
CAN	620520	Men's or boys' shirts of cotton	0	6	6	5.1	8
SGP	880240	Aeroplanes and other aircraft, of an unladen weight > 15,000 kg	0	5	5	140.1	20
HKG	900130	Lenses, contact; unmounted, of any material, excluding elements of glass not optically worked	0	4	4	14.6	18
CMR	100620	Husked (brown) rice	0	4	4	11.8	100

Source: UNCTAD (2017) TRAINS NTMs: The Global Database on Non-Tariff Measures, measures in force in 2016; trade values above \$100 million highlighted in red. Trade values 2017.



**Table 28: Bilateral SPS measures imposed by Myanmar's partners by products (sorted in descending values of Myanmar's exports, MMR exports > 500,000; bilateral SPS > 1)**

Country	HS 6	Product description	Bi-lateral NTM	Multi-lateral NTM	Total NTM	MMR exports (\$ millions)	Share in total trade (%)
CHN	100620	Husked (brown) rice	7	47	54	527.6	9.8
CHN	100640	Broken rice	7	64	71	41.3	0.8
CHN	100630	Semi-milled or wholly milled rice	7	47	54	3.3	0.1
THA	100510	Maize (corn), seed	7	3	10	0.7	0.0
JPN	100620	Husked (brown) rice	3	6	9	0.8	0.1
IDN	071331	Dried beans, shelled	2	12	14	28.5	24.0
MYS	071331	Dried beans, shelled	2	9	11	21.2	11.3
JPN	120740	Sesamum seeds, w/o broken	2	5	7	14.5	1.6
IDN	100640	Broken rice	2	12	14	12.9	10.9
USA	071331	Dried beans, shelled	2	15	17	7.9	2.8
USA	440729	Wood, tropical, n.e.c. in item no. 4407.2, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6mm	2	8	10	1.9	0.7
IDN	071339	Vegetables, leguminous; n.e.c. in item no. 0713.3, shelled, whether or not skinned or split, dried	2	12	14	1.5	1.3
MYS	100590	Cereals; maize (corn), other than seed	2	0	2	1.4	0.8
JPN	100640	Broken rice	2	6	8	1.2	0.1
MYS	100510	Maize (corn), seed	2	0	2	1.2	0.6
USA	071390	Vegetables, leguminous; n.e.c. in heading no. 0713, shelled, whether or not skinned or split, dried	2	14	16	1.2	0.4
MYS	071333	Vegetables, leguminous; kidney beans, including white pea beans ( <i>Phaseolus vulgaris</i> ), shelled, whether or not skinned or split, dried	2	9	11	0.8	0.4
MYS	071390	Vegetables, leguminous; n.e.c. in heading no. 0713, shelled, whether or not skinned or split, dried	2	9	11	0.7	0.4
MYS	091030	Spices; turmeric ( <i>curcuma</i> )	2	9	11	0.6	0.3
MYS	071320	Vegetables, leguminous; chickpeas ( <i>garbanzos</i> ), shelled, whether or not skinned or split, dried	2	9	11	0.5	0.3

Source: UNCTAD (2017) TRAINS NTMs: The Global Database on Non-Tariff Measures, measures in force in 2016; Trade shares above 5 per cent highlighted in red (already depicted in the table 27). Trade values 2017.

**Table 29: Identification of possible deterrent bilateral SPS measures imposed by Myanmar's partners (sorted in descending values of Myanmar's exports to the world > \$13 million, \$5,000 < MMR exports to partner < 1 million, bilateral SPS >= 2)**

Partner	HS 6	HS description	Bilateral SPS	Multilateral SPS	Total SPS	MMR exports (thousands of United States dollars)	
						To Partner	To all countries
JPN	100620	Husked (brown) rice	3	6	9	753	980 892
TUR	071331	Dried beans, shelled	2	0	2	41.4	782 660
THA	170191	Cane or beet sugar, containing added flavouring or colouring	4	7	11	347.1	338 090
MYS	100640	Broken rice	2	9	11	191.3	301 850
HKG	100510	Maize (corn), seed	2	1	3	198.9	286 046
THA	100510		7	3	10	670.9	286 046
MYS	120740	Sesamum seeds	2	6	8	441.0	185 400
MYS	071390	Vegetables, leguminous; n.e.c. in heading no. 0713, shelled, whether or not skinned or split, dried	2	9	11	718.9	118 076
TUR	440729	Wood, tropical, n.e.c. in item no. 4407.2, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm	2	0	2	37.5	89 517
JPN	080290	Nuts, edible; n.e.c. in heading no. 0801 and 0802, fresh or dried, whether or not shelled or peeled	2	5	7	12.5	35 658
USA	080290		9	11	20	10.4	35 658
MYS	071320	Vegetables, leguminous; chickpeas (garbanzos), shelled, whether or not skinned or split, dried	2	9	11	548.5	34 787
USA	071320		2	15	17	161.9	34 787
TUR	071320		2	0	2	100.8	34 787
JPN	100630	Semi-milled or wholly milled rice	2	6	8	325.3	24 449
IDN	100630		2	12	14	12.5	24 449
TUR	440799	Wood; sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6mm, whether or not planed, sanded or finger-jointed, n.e.c. in heading no. 4407	2	0	2	43.9	19 540
USA	440799		2	8	10	138.2	19 540
MYS	091030	Spices; turmeric (curcuma)	2	9	11	632.9	15 090
JPN	091030		2	5	7	29.0	15 090
USA	071333	Vegetables, leguminous; kidney beans, including white pea beans ( <i>Phaseolus vulgaris</i> ), shelled, whether or not skinned or split, dried	2	15	17	136.1	13 967
MYS	071333		2	9	11	781.7	13 967

Source: UNCTAD (2017) TRAINS NTMs: The Global Database on Non-Tariff Measures, measures in force in 2016; trade values 2017. Products with three or more bilateral SPS highlighted in green.





