MYANMAR
DIAGNOSTIC TRADE INTEGRATION STUDY (DTIS):

OPENING FOR BUSINESS

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Trade for LDC development

CONTENTS

ABBREVIATIONS AND ACRONYMS iii
ACKNOWLEDGEMENTS vi
FOREWORD vii
OVERVIEW x

EXECUTIVE SUMMARY xvi
1. Following through on reforms to encourage trade openness is critical for poverty reduction xix
2. Diversification into light manufacturing, services and sustainable agri-business would be a powerful way of reducing poverty, while also rebalancing the economy away from its over-dependence on natural resources xxi
3. Infrastructure development and regulatory reforms can occur in tandem xxiii

POLICY PRIORITIES xxviii
1. TRADE POLICY REFORMS xxxii
2. ENSURING INCLUSIVE EXPORT-LED GROWTH xxxvii
3. BUILDING CAPACITY IN A QUALITY INFRASTRUCTURE xli
4. ENCOURAGING GROWTH IN TRADE IN SERVICES xlv
5. DEVELOPING EFFICIENT TRADE CORRIDORS xlviii
6. ACILITATING TRADE THROUGH BETTER LOGISTICS AND FINANCE liii

ACTION MATRIX lvii
TRADE POLICY lxii
INCLUSIVENESS lxx
QUALITY INFRASTRUCTURE lxiv
TRADE IN SERVICES lxvi
CORRIDORS lxvii
TRADE FACILITATION AND LOGISTICS lxx

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ACIA	ASEAN Comprehensive Investment Agreement
ACLED	Armed Conflict Location Events Dataset
AEC	ASEAN economic Community
AFAS	ASEAN Framework Agreement on Services
AFTA	ASEAN Free Trade Area
ADB	Asian Development Bank
AML	Anti-Money Laundering Rules
ASEAN	Association of South East Asian Nations
ASW	ASEAN Single Window
ATIGA	ASEAN Trade in Goods Agreement
CBM	Central Bank of Myanmar
CIF	Cost Insurance and Freight
CIS	Customs Intelligence Database System
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
CMT	Cut Make Trim
CSIS	Centre for Strategic and International Studies (Indonesia)
CSO	Central Statistical Organization
CSR	Corporate Social Responsibility
DFAT	Department of Foreign Affairs and Trade (Australia)
DFID	Department for International Development (UK)
DICA	Directorate of Investment and Company Administration
DNSQ	Department of National Standards and Quality
DTIS	Diagnostic Trade Integration Study
EAG	Ethnic Armed Group
EBA	Everything-But-Arms Initiative
EIF	Enhanced Integration Framework
EITI	Extractive Industries Transparency Initiative
EPZ	Export Processing Zone
EU	European Union
EUTR	European Union Timber Regulation
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
FIQCD	Fish Inspection and Quality Control Division
FLEGT	EU Forest Law Enforcement, Governance and Trade
FOB	Free On Board
FSC	Forest Stewardship Council
FVO	Food and Veterinary Office
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Development Organization))
GSP	Generalized System of Preferences
GVC	Global value Chain
HACCP	Guidelines for ASEAN Audit and Certification of Food Hygiene and Hazard Analysis and Critical Control Points
ICD	Inland Container Depot

IMF	International Monetary Fund
IMF DOTS	International Monetary Fund Direction of Trade Statistics
INGO	International Non-Governmental Organization
IOM	International Organization for Migration
ISO	International Standardization Organization
ITES	Information Technology-Enabled Services
IWT	Inland Waterway Transport
JICA	Japan International Cooperation Agency
KIA	Kachin Independence Army
KIO	Kachin Independence Organization
KNU	Karen National Union
KOICA	Korea International Cooperation Agency
KYC	Know-Your-Customer Rules
L/C	Letter of Credit
LDC	Least-Developed Country
LPI	Logistics Performance Index
MACCS	Myanmar Automatic Cargo Clearance System
MAFPEA	Myanmar Agro-Based Food Processors and Exporters Association
MAST	Multi-Agency Support Team
MFN	Most Favored Nation
MGMA	Myanmar Garment Manufacturers Association
MIC	Myanmar Investment Commission
MITS	Myanmar Inspection and Testing Services
MNDAA	Myanmar National Democratic Alliance Army
MoPF	Ministry of Planning and Finance
MNSQ	Myanmar National Standards and Quality Department
MALI	Ministry of Agriculture, Livestock and Irrigation
MoC	Ministry of Commerce
MoHT	Ministry of Hotels and Tourism
MREC	Ministry of Natural Resources and Environmental Conservation
MLIP	Ministry of Labor, Immigration and Population
MoTC	Ministry of Transport and Communications
MPA	Myanmar Port Authority
MRA	Mutual Recognition Agreement
NACCS	Nippon Automated Cargo and Port Consolidation System
NAFTA	North American Free Trade Agreement
NES	National Export Strategy
NCA	National Ceasefire Agreement
NDS	National Development Strategy
NSW	National Single Window
NTM	Non-Tariff Measures

NTMC	Non-Tariff Measures Committee
OECD	Organisation for Economic Co-operation and Development
PTB	Physikalisch-Technische Bundesanstalt (German National Metrology Institute)
RCEP	Regional Comprehensive Economic Partnership
REER	Real Effective Exchange Rate
ROO	Rules of Origin
SDR	Special Drawing Rights
	Special Economic Zone
SMEs	Small and Medium-Sized Enterprises
SOE	State-Owned Enterprise
SPS	Sanitary and Phytosanitary Measures
TBT	Technical barriers to Trade
TEU	Twenty-Foot Equivalent
TFA	Trade Facilitation Agreement
TTSC	Textile Training and Support Centre
TVET	Technical and Vocational Training
UMFCCI	Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development
WFP	World Food Programme
WTO	World Trade Organization
WTTC	World Travel and Tourism Council

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FOREWORD

As part of the Enhanced Integrated Framework (EIF) program for Trade-Related Assistance to Least Developed Countries (LCDs), which Myanmar joined in April 2013, the Government of Myanmar has asked the World Bank Group (WBG) to be the implementing agency for a Diagnostic Trade Integration Study (DTIS).

The general objectives of a DTIS are: (i) to assist the government in mainstreaming trade and competitiveness in the country's overall development strategy; (ii) to provide a diagnostic and analytical tool to prioritize and sequence key reforms in the area of trade and competitiveness; and (iii) to provide a platform for development partners to coordinate action and align trade-related assistance with government priorities.

This DTIS has identified a number of domestic and external constraints facing Myanmar as it strives to leverage regional and global integration for inclusive, export-led growth. Based on this, the current report provides analytical input on the linkages between trade and poverty, and highlights key steps to remove bottlenecks in terms of trade policy and trade facilitation.

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OVERVIEW

After waiting in isolation for almost four decades, its re-integration into the global economy has presented Myanmar with a unique opportunity to leverage growth in trade to reduce poverty, promote shared prosperity and sustain the nationwide peace process.

Following Myanmar's dramatic decision to change its trajectory in recent years, the boom in trade and investment has boosted average economic growth beyond 7 percent per year as the country starts to catch up with its neighbors. With significant natural and agricultural resources, and comparative advantages from its resources, pool of labor and location as a natural hub to 40 percent of the world's population, Myanmar has great potential. What is crucial now is that this potential is not squandered, but used to achieve transformational development gains that will improve the lives of its citizens by reducing poverty, spreading wealth, and helping to reduce social and ethnic tensions. All of this is within Myanmar's grasp if it can seize the moment to design and apply appropriate policies to encourage trade and economic openness, and ensure that all stakeholders in the country's future can share in the benefits, especially those in the most vulnerable and marginalized groups. in the benefits, especially those in the most vulnerable and marginalized groups.

While growing fast, Myanmar's trade still has ***enormous potential*** *for further growth. But it is crucial that the benefits from greater trade are also shared more equally and help to* ***sustain the ongoing political transformation.***

While the challenges are daunting, with strong political will to maintain the momentum of reform and support in applying the right policies, the government's goals can be achieved. The challenges may be daunting but the Government of Myanmar is nonetheless ambitious in its plans for the future. Myanmar's goal is for sustained GDP growth of 7.7 percent per year which, if achieved, would double the country's GDP in about 9 to 10 years. Such growth is almost unheard of outside of China. However, with the right policy options to drive growth, including a focus on sustainability, poverty reduction and equal opportunities for all, and with the political will to maintain the reform momentum, such levels of growth is not beyond reach. This report aims to provide such policy options based on a thorough diagnostics analysis of the current situation regarding trade in Myanmar, including the country's strengths and weaknesses. This toolkit of policy options will help Myanmar to achieve these goals, and provide the citizens of Myanmar with a new future—one they could only have dreamt of just a few years ago.

Myanmar's trade started from a relatively low base but is growing fast and moving towards the country's comparative advantages.

Myanmar has a comparative advantage in its pool of untapped labor, natural resources and location, wedged as it is between China, India and Thailand, and especially as China's cost advantages start to fade. Indeed, it shares borders with markets that account for 40 percent of the world's population. After Western countries removed economic sanctions imposed on Myanmar, garment exports grew threefold between 2005 and 2014, while cargo handled by the ports of Yangon increased fourfold in the nine years to 2014. Meanwhile, tourism, which has never been fully developed in Myanmar, posted average annual growth, as measured by annual tourist arrivals, of about 35 percent between 2009 and 2015.

Some of the key challenges that Myanmar faces. The country is still constrained by weak institutions (underdeveloped regulatory framework, cumbersome procedures for investment), high costs of trade (the lowest ranking in ASEAN in the Logistics Performance Index for customs clearance, poor quality of logistics services, lack of logistics infrastructure), underdeveloped quality and standards infrastructure, and a lack of trade financing, among many others.

3 main drivers

can ensure that greater trade helps to both **reduce poverty** & **share prosperity** in Myanmar

Understanding these drivers and designing policies to promote them is the focus of this report.

PUSHING AHEAD WITH REFORMS

Maintaining the momentum of the reform agenda towards greater trade openness and ensuring that there is a fair distribution of gains from trade, especially for the poor and vulnerable, and those living in conflict-affected areas.

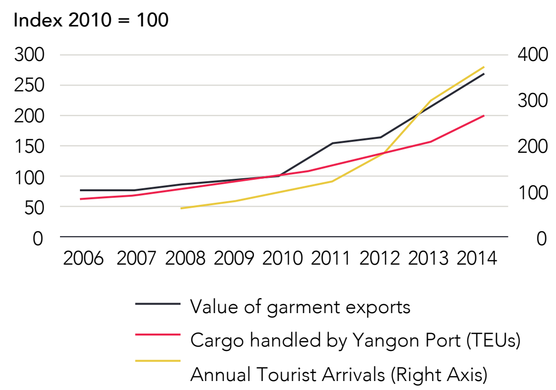
DIVERSIFICATION AWAY FROM OVER-RELIANCE ON NATURAL RESOURCES

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.

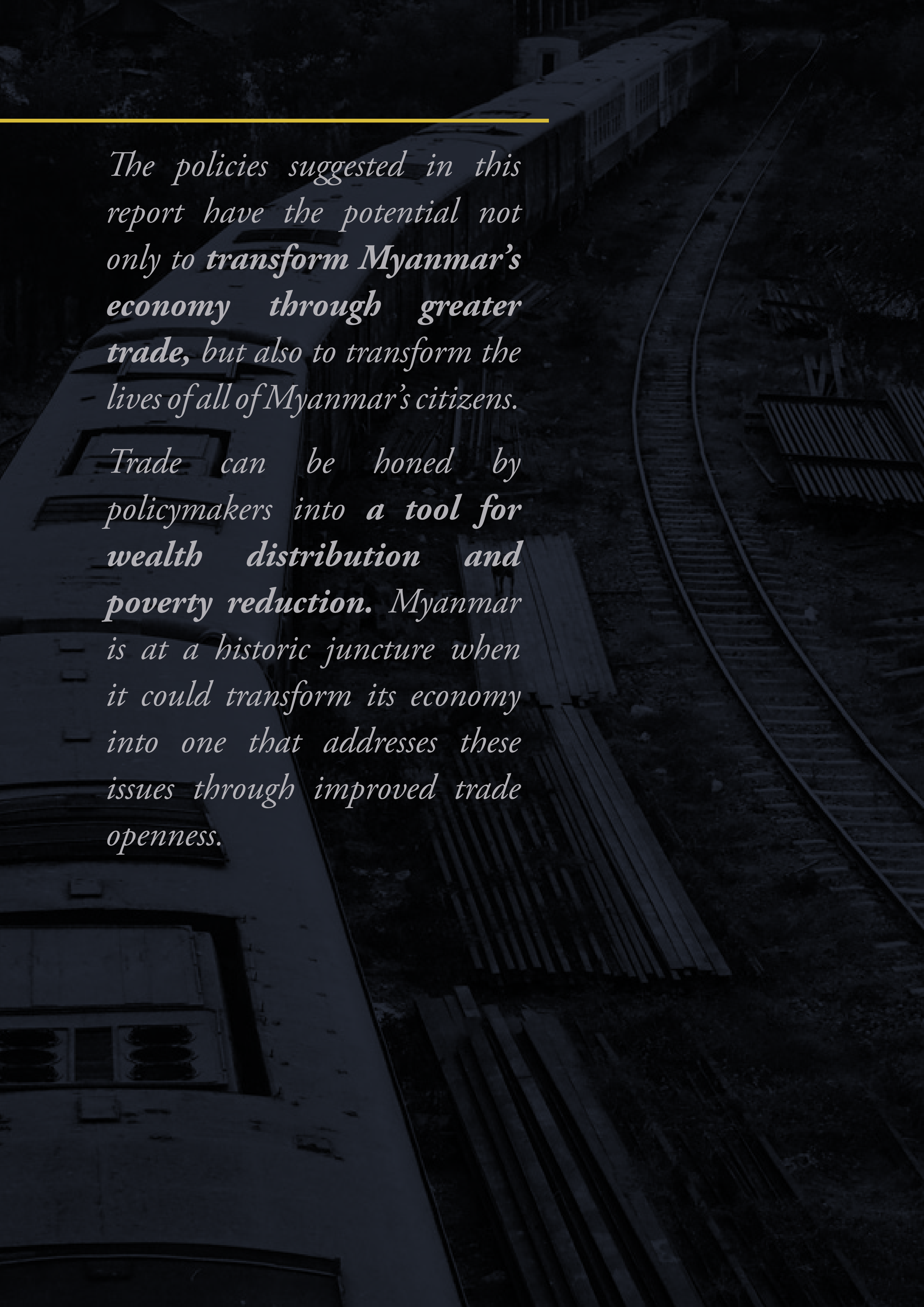
SOFT INFRASTRUCTURE WILL BE JUST AS IMPORTANT AS HARD INFRASTRUCTURE

Developing not only hard infrastructure but also the soft infrastructure that is crucial to make the economy work efficiently. This includes simplifying procedures and licensing for trade and investment, building institutional capacity in trade-related government agencies, and ensuring broader ownership of reforms across society, including disadvantaged groups.

Figure A: Trade-related activities in Myanmar are rapidly picking up



Source: UN Comtrade, Myanmar Port Authority, CSO



The policies suggested in this report have the potential not only to ***transform Myanmar's economy through greater trade,*** *but also to transform the lives of all of Myanmar's citizens.*

Trade can be honed by policymakers into ***a tool for wealth distribution and poverty reduction.*** *Myanmar is at a historic juncture when it could transform its economy into one that addresses these issues through improved trade openness.*

This report recommends the following policies

OVERHAUL OF TRADE POLICY REGULATIONS AND BUILD CAPACITY IN TRADE POLICY AND PROMOTION

The import tariff structure could be simplified, while non-tariff measures could be further rationalized to render them simplified and more transparent. Trade-related data could be harmonized for better informed trade policies and promotion strategies. This would allow trade policies to further facilitate and sustain the process of industrialization in Myanmar.

ENSURE INCLUSIVE EXPORT-LED GROWTH

Trade in Myanmar has huge potential but, without the necessary policies and safeguards, it risks creating tensions by benefitting elites and undermining vulnerable groups through expropriation, environmental degradation and poor working conditions. Myanmar could avoid this situation by addressing skills shortages, improving access to finance and providing support to drive local economic activities. Local communities could also be consulted in the design of trade-related projects. Another opportunity is in the potential sharing of Myanmar's huge wealth from jade mining exports, which would also benefit from more transparency in data, community consultations and a greater sense of ownership. .

ESTABLISH A ROBUST QUALITY INFRASTRUCTURE FOR MYANMAR PRODUCTS

Meeting demand for quality products from local consumers and international buyers is important for Myanmar if it is to compete successfully. The focus could be on narrowing regulatory and institutional gaps by adopting international quality standards (e.g., for rice exports), establishing guidelines for SPS management according to international practices, and develop a national accreditation body, while avoiding conflicts of interest with the potential for rent-seeking opportunities when introducing technical regulations and mandatory standards. hub and at the same time also transform poor local communities in border areas.

ENCOURAGE GROWTH OF TRADE IN SERVICES

Myanmar still has administrative and regulatory barriers that constrain further development of trade in services, such as discretion in approving foreign direct investment (FDI) and restrictions on FDI in the tourism sector. Cross-cutting and also sectoral reforms would help to unleash the full potential of trade in services. Awareness and greater capacity among government ministries to coordinate policies in trade in services could also be further developed.

DEVELOP EFFICIENT TRADE CORRIDORS

Improving efficiency in Yangon's port terminals and their connectivity with hinterland (via roads, railways and inland waterways) and facilitating investments in logistics infrastructure (private bonded warehouses, logistics parks and container depots) would help to leverage Myanmar's position as a trade hub. Connecting lagging regions to markets through better logistics infrastructure at the same time will also help to benefit poor local communities, particularly in border areas, but only if done with input from and support of conflict-affected communities and ethnic armed groups.

FACILITATE TRADE THROUGH BETTER LOGISTICS AND FINANCE

Improving cargo turnaround times is key for Myanmar's competitiveness. It will therefore be important to modernize trade logistics if supply chains are to be competitive. Myanmar could also consider phasing out restrictions on foreign companies in logistics, reforming Customs procedures (e.g. valuation, risk management and coordination across trade-related departments), and improving access to trade finance through the financial system.

EXECUTIVE SUMMARY

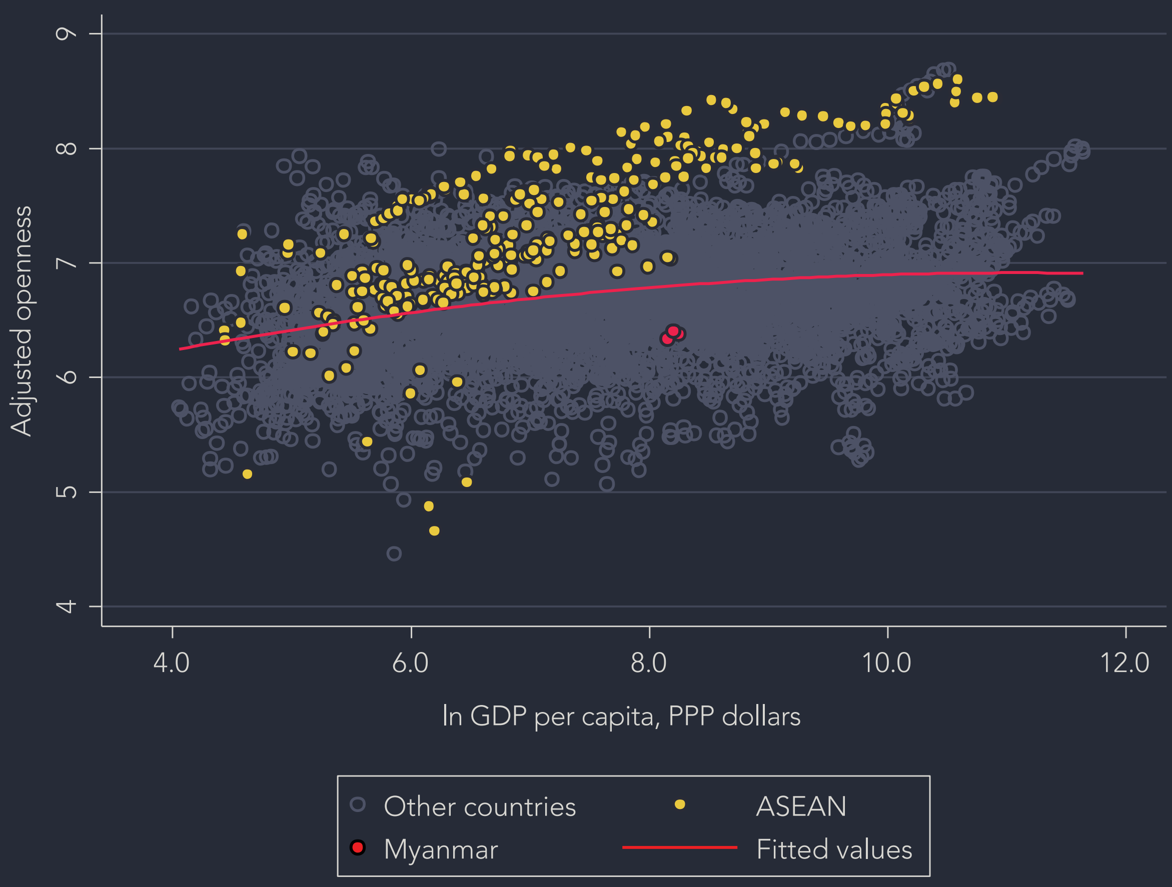
Myanmar's elections in 2015 marked another historic milestone in the country's political and economic transition that began in 2011.

In November 2015, the people of Myanmar voted overwhelmingly for change and reform. It is now up to Myanmar's policymakers to deliver on the people's hopes and aspirations for a more prosperous, equitable and peaceful Myanmar, with support from development partners, including the World Bank Group.

Leveraging trade to underpin inclusive growth and poverty reduction is within reach. While growing rapidly in recent years, Myanmar's trade is still modest as a proportion of its GDP compared with its neighbors. It still has huge potential to grow. Developing into a major trading partner with its ASEAN neighbors and beyond offers Myanmar a unique opportunity to empower the private sector to drive its economic opening, and spread the benefits of increasing trade more equitably throughout society and across regions. After all, Myanmar shares borders with countries that account for some 20 percent of global GDP and 40 percent of the world's population. Expanding trade can help Myanmar to rebalance its economy away from over-reliance on natural-resource industries that very often offer little in the way of employment to ordinary people, and have a history of provoking social tensions and unrest in Myanmar's more remote ethnic-minority regions.

A new paradigm for private-sector driven growth. *Based on its diagnostic analysis of Myanmar's current trade environment, this report offers suggestions for fostering competitiveness and a dynamic environment for private sector growth to drive trade. Myanmar is poised to take off on a new and ambitious trajectory going forward. The challenges are daunting and success cannot be guaranteed, but our hope is that the findings in this report can provide important guidance and policy options that can help to ensure success.*

Figure A: *Myanmar's trade has room to grow more*



Source: World Bank Group team calculations. Figures are adjusted according to size of population and share of natural resources in the economy.

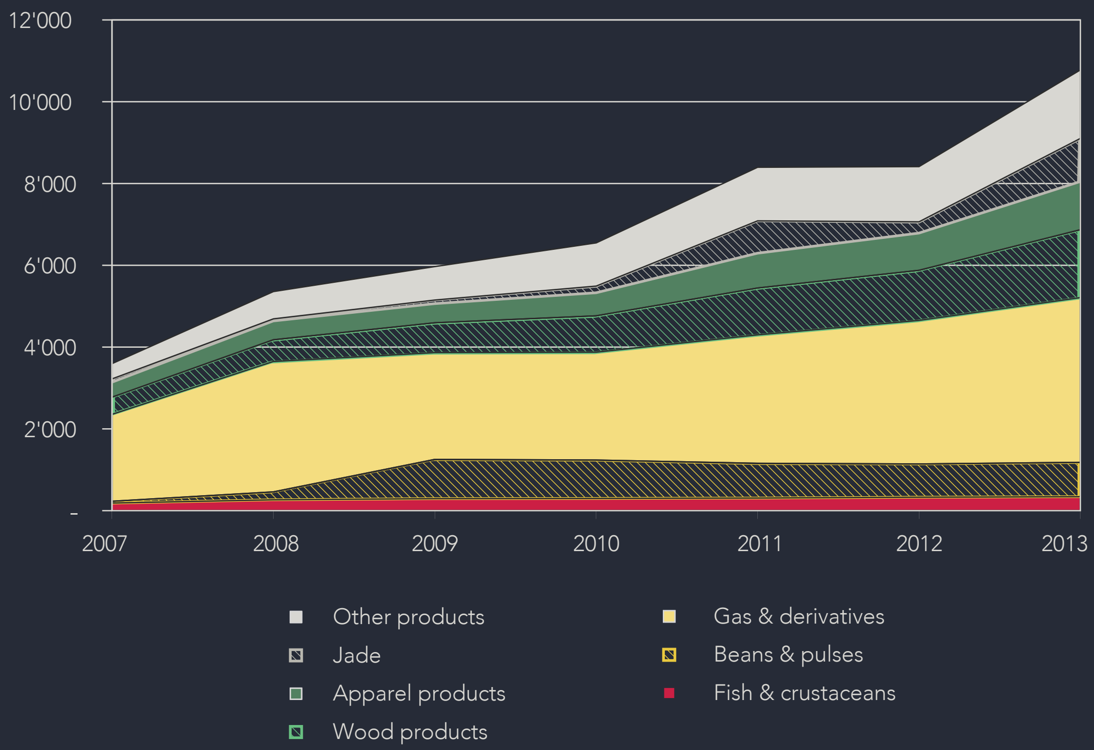
3 key messages *emerge from the analysis as follows*

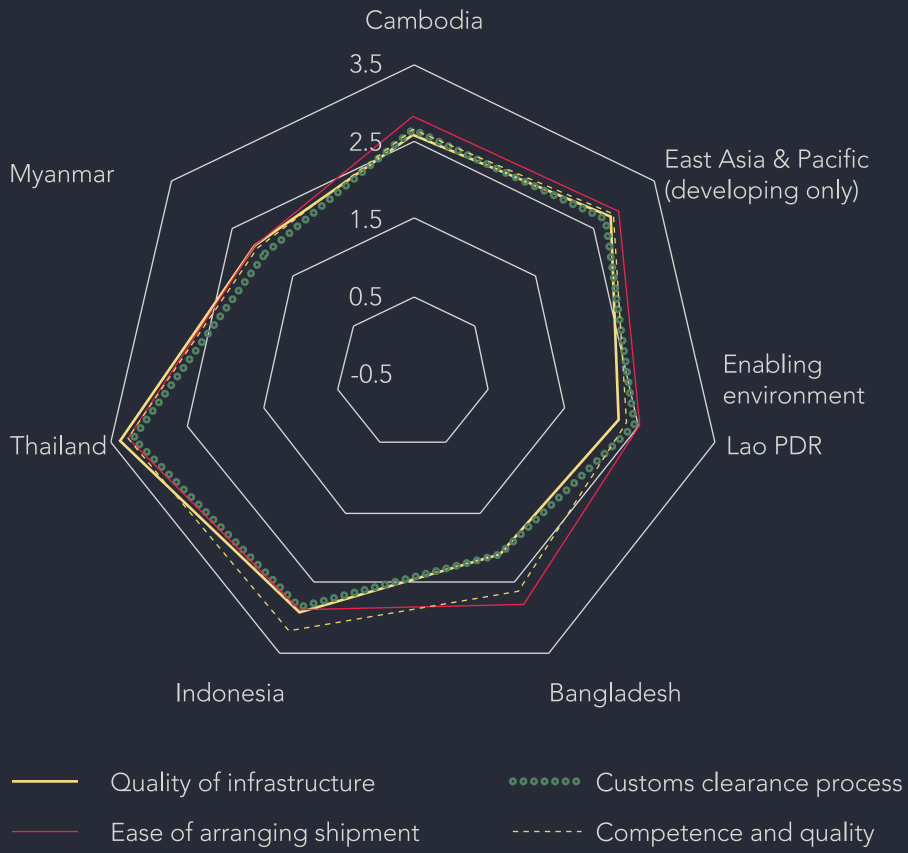
1. *Following through on* **reforms to encourage trade openness** *is critical for poverty reduction*

Unleashing Myanmar's trade potential has only just begun. Non-gas exports grew at 11 percent per year between 2011 and 2014, despite weak commodity prices and softening global demand. And yet Myanmar's trade (exports and imports) as a share of GDP is still below average for ASEAN countries (Figure A). These numbers partly reflect catching up after decades of isolation, with Myanmar starting its growth surge roughly at the same export/GDP ratio as Vietnam in 1989, and Indonesia and Thailand in the early 1980s.

But for trade to grow it will be important for Myanmar to continue to reform in order to stay competitive and share the gains equitably. Looking forward, continuing to reduce costs for the private sector to conduct trade will be key if Myanmar is to remain competitive, while just as important is the need to ensure a fairer distribution of the gains from trade. Decades of economic isolation and armed conflict have left Myanmar with widespread poverty, informality and lingering fragility. Thus, it will be important to sequence reforms carefully, while also implementing complementary policies for the poor and vulnerable, both men and women, particularly those who live in conflict-affected areas, so they can also benefit from greater trade.

Myanmar exports $million





2

Diversification into ***light manufacturing, services and sustainable agri-business*** would be a powerful way of reducing poverty, while also ***rebalancing the economy away from its over-dependence on natural resources***

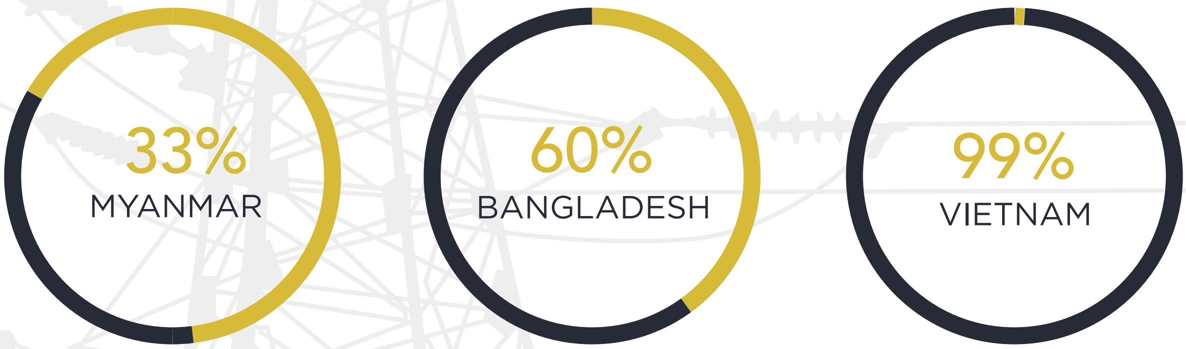
Tourism in Myanmar has never been fully explored and developed. Myanmar has huge potential in tourism, making the sector an obvious "quick-win" development priority. Developing the tourism sector would build on existing strengths (tourism receipts tripled between 2007 and 2012) and provide employment and sources of income in rural areas, provided that key infrastructure constraints are addressed. Meanwhile, leveraging the potential for export-oriented manufacturing could be a key poverty-reduction engine. International experience suggests that every US$1.00 of value-added is two to six times more powerful in reducing poverty in manufacturing than in other sectors, while mining has very little impact on poverty (Cadot et al., 2015).

Over-dependence on natural resources could undermine manufacturing competitiveness. Continued over-reliance on non-manufacturing sectors exposes Myanmar to macroeconomic risks from volatile commodities prices, together with chronic currency overvaluation (Dutch disease) that would also undermine the manufacturing sector's competitiveness. Export-led manufacturing would also help formalize employment (61 percent of Myanmar's workforce is currently self-employed, or in casual or informal domestic labor) and raise productivity and wages, provided that Myanmar's educational system can improve on its ability to deliver skills demanded by the market.

Crossing-cutting reforms can be introduced simultaneously to attract FDI. A successful industrial policy aimed at attracting FDI will benefit from upgrading infrastructure, improving the business environment, and implementing social regulations through coherent sectoral and cross-cutting plans designed in collaboration with all stakeholders. International experience also shows that international buyers are increasingly demanding environmental and labor regulations consistent with international standards.

Reforms can also help to bring a transformation in agriculture. In an agriculture-based transformation, Myanmar can also seize opportunities to raise the market value of farming products, providing a rapid and direct impact on poverty reduction. The government's initiatives on conflict-affected land-tenure reform and systematic land registration are perquisites for the success and sustainability of the agricultural-based poverty reduction strategy. Once again, it will be important for the government to provide integrated and coherent farm support to both men and women from farming households (agricultural research and extension services, rural roads, irrigation, and seed, as well as access to product and agri-processing knowledge), and complement this support by upgrading of the national quality infrastructure based on demand from exporters and regulators to safeguard consumer health and safety.

POPULATION with access to ELECTRICITY



3

Infrastructure development and regulatory reforms can occur in tandem

Only one-third of homes have electricity in Myanmar. Only 33 percent of Myanmar households have access to electricity, compared with 60 percent in Bangladesh and 99 percent in Vietnam. Myanmar's logistics infrastructure (ports and their hinterland connections) ranked 137th out of 160 countries in the 2014 Logistics Performance Indicator (LPI), the lowest among ASEAN countries. It is also less connected with global shipping-liner networks than Bangladesh or Vietnam. Both Yangon's seaport terminals and highways along the country's main economic corridors (i.e., Yangon-Mandalay-Muse) will soon reach their capacity limits, while the road along the Mandalay-Tamu corridor has been severely damaged by flooding.

The business environment remains challenging for the private sector. While securing electricity and starting a business in Myanmar have become much easier and boosted its ranking in the World Bank Group's 2016 Doing Business survey from 177 in 2015 to 167, the business environment in Myanmar remains challenging for the private sector. International experience has shown time and again that in order to reap the benefits of hard infrastructure investments, it is also vital for the government to work in parallel on "soft" infrastructure reforms, including, in Myanmar's case, (i) reforming procedures and regulations; (ii) strengthening institutional capacity; and (iii) ensuring broad ownership of the reforms.

Why these reforms matters for ***Myanmar's development*** agenda

Myanmar has embarked upon a high-stakes transition and major challenges remain. Myanmar is going through a critical triple transitions in its development path — from isolation and fragmentation to openness and integration; and from pervasive state control, exclusion, and individual disengagement, to inclusion, participation, and empowerment. These reforms have the power to bring back international investors and unleash the transformational power of local entrepreneurship. However, the challenges and risks are considerable.

Lifting sanctions *does not* guarantee accelerating growth

First, while the transition has set the stage for an end to sanctions and the re-engagement of crucial international trade partners, international experience and recent research show that, of itself, lifting sanctions does not guarantee acceleration of growth

(Freund and Jaud, 2013)

Accelerating growth does not guarantee peace

Second, even if an acceleration in growth does materialize, Myanmar's own experience shows that this is not enough to ensure the viability of peace agreements. Growth benefitting only large natural-resource investors could prove corrosive for the transition; only inclusive growth, bringing income, empowerment and employment gains to all stakeholders, in particular the most vulnerable, can be the basis for a lasting peace. While private sector export-led growth has a key role to play in achieving this, success cannot be entrusted to market forces alone. For instance, inclusive rural development cannot take place without well-defined land titles and the protection of vulnerable groups, who may be unable to assert their claims, including women, against expropriation. It will also be important that investment is forthcoming in sectors that open up employment opportunities for men, women and youth as enterprise owners and formal workers.

Wealth will not automatically trickle down. Third, trade integration could have an impact on income distribution: there will be winners and losers from trade. Export-led private sector development will generate a trickle-down of wages to the local economy only with social protection, rules to safeguard the mostly low-skilled workforce from exploitation, and improvements in workers' skills.

The economic and political transitions are taking place against a legacy of widespread poverty... Notwithstanding the difficulties involved in measuring and comparing it, poverty appears to be high in Myanmar, with a relatively high proportion of the population living below the national poverty line (World Bank, 2014a). Poverty rates are particularly high for certain ethnic groups, highlighting the need to promote conflict-sensitive economic opportunities among them which can also help to consolidate the peace process. Related to this, poverty rates are likely to be high in border and remote provinces. With the right trade policy and infrastructure investments, cross-border trade could play a key role in providing much needed opportunities. Poverty is also overwhelmingly rural, and within rural areas is often linked to landlessness or quasi-landlessness. Reducing rural poverty would be greatly supported by the establishment of land rights for farmers (improving their access to credit), including recognition and promotion of women's joint title claims, as well as a rise in productivity through better farming practices, improved access to agricultural inputs, and better access to domestic and international markets. Poverty also arises where there is exclusion from economic opportunities, and so reforms could be used to offer economic entry points for men and women, in urban and rural areas, and youth and ethnic groups. Urban poverty rates are also high and often relate to informality and the lack of stable jobs. Export-led growth will be crucial to enable the generation of stable jobs in manufacturing and services. Finally, poverty is multidimensional, involving not just low incomes but also lack of access to basic services (e.g., water, sanitation, electricity and public transportation), lack of education, and poor health. Regardless of the rate of economic growth, it is only through deliberate, planned improvements in the state's delivery of these basic public goods that poverty will gradually recede. While such efforts are not directly part of a trade competitiveness strategy, they are highly complementary to it and necessary to ensure that the benefits of increased openness are felt across all segments of the population.

... and an ongoing *but vulnerable* peace process

Despite recent progress, the peace process remains fragile and fragmented. Some ethnic armed groups (EAGs) signed a Nationwide Ceasefire Agreement (NCA) in October 2015, which provides the space for cooperation with the government on economic development. Other groups have bilateral ceasefires that are holding, while still others are in active conflict.

International experience shows that the development of agricultural cash crops for export can provide individuals with better earning opportunities and raise the opportunity cost of conflicts. Regional trade and cooperation can also reduce the incentives for other countries to interfere with the peace process—a common cause of internal instability in fragile states. However, trade can also be a destabilizing force, especially when it comes to natural resources. As in many countries, there are natural resources in many of the conflict areas, with flashpoints and grievances relating to exploitation (aggravated by the lack of established land rights) and/or large windfalls going to elites.[1] Expanded resource-based trade, when controlled by the parties in conflict, can even fuel future conflict by financing it. This may have happened, for instance, with logging in Kayin and Kachin states. More generally, opening up will be accompanied by large-scale upheaval in occupational and locational choices, as well as the distribution of income, with accompanying adjustment costs. In making these choices acceptable it will be important for the government and other actors to keep a constant and vigilant eye on dialogue and fairness, with consultation followed by effective follow-up, and working checks and balances.

1 An example is a clash over a copper mining site http://www.wsj.com/articles/protesters-clash-with-police-in-central-myanmar-over-copper-mine-1419251063

The government's transition objectives *are ambitious*

*The National Development Strategy's (NDS) target is to sustain economic growth at **7.7%** annually for at least **the next five years.***

Given the limited purchasing power of Myanmar's domestic market at current poverty levels, faster-than-GDP export growth is the only way to fuel growth at this level. Trade as a percentage of GDP is currently at a low 30 percent, about half the international benchmark for Myanmar's level of income. Combining the NDS's target growth rate with a doubling of the trade-to-GDP ratio up to its normal level (consistent with the government's openness strategy), exports will need to grow at 20 percent a year. This is very ambitious, especially in a period of weak external demand and a weakening link between global GDP growth and trade (Constantinescu et al., 2014). But doubling the trade-to-GDP ratio is not impossible if Myanmar can attract a substantial share of the coming massive relocation of garments manufacturing out of China's high-wage area. Success in such an export-led growth strategy will provide an intimate two-way relationship with the political transition. First, reputable investors will not commit large sunken costs in the country without assurances of political stability. Second, they are likely to demand international standards in key areas including governance, labor rights and environmental sustainability. Failing to meet these standards would lock Myanmar into a market segment dominated by fly-by-night investors contributing little to the country's development. Conversely, export-led growth holds the key to the country's diversification into manufacturing, market-oriented agriculture and trade in services, which have all been shown elsewhere to be powerful engines of inclusiveness and poverty reduction.

To succeed, it will be important for reform to overcome resistance through adequate complementary policies... Deep reform programs cannot avoid displacing established interests. The experience of successful reformers, such as in Chile in the 1980s, shows that designing efficient compensation policies is key to success (Edwards and Edwards, 2000). The costs of reforms that eliminate inefficient rents are often perceived most clearly by the losers, while the distribution of the benefits to the winners is more diffuse, causing the formation of blocking coalitions. Even a seemingly harmless reform, such as improving the performance of a border post, can erode the rents of local groups controlling informal cross-border trade, inducing resistance. Attenuating such resistance involves careful on-the-ground assessments of the kind of compensation and inclusion needed (e.g., local reinvestment of some of the collected border taxes, or encouragement of local employment in border posts). On a larger scale, improving the import regime (e.g., through the abolition of licensing) may be perceived as a threat by politically-connected firms selling on the domestic market. Complementary policies could involve targeted pro-competitive infrastructure investments that are public inputs (e.g., energy or transport), which would spill over to other players. One of the challenges is that reform and compensation mechanisms typically do not fall under the authority of the same ministry. Coordination is therefore key and may benefit from a specific mechanism (see below).

...and remain manageable by a government with limited policy-formulation and implementation capabilities. While the transition's challenges are daunting enough, the government is also challenged in carrying out large, multi-dimensional reform programs, and is already flooded with outside advice. It is therefore crucial to remain focused and to identify simple, quick wins on which to build reform momentum. This DTIS report aims to contribute by identifying such quick wins in terms of trade policy and facilitation. Beyond the identification of priority reforms, implementing them, and keeping the momentum going year after year in the face of difficulties and resistance, is a formidable challenge against which many a reform program has stalled. In this regard, the experience of successful reformers and recent theories of "change management" suggest that the government might consider appointing a team of highly competent technocrats to be in charge of the reform process's overall drive and coherence, with top-level political support and a mandate to overrule resistance and enforce inter-ministerial cooperation.[1]

1 An example of such a team is the Task Force for Private Sector Reform spearheaded by the MoC.

Policy I PRIORITIES

Against this background, the DTIS proposes a limited and focused program of sequenced reforms in the area of trade policy, facilitation and infrastructure, as summarized in a synthetic way in Table A below.

The reform sequence is based on **three immediate priorities:**

Establish "lighthouses" to showcase the positive impact of reforms in reducing trade costs and alleviating poverty.

This includes: (i) simplifying the processes for trade licensing and automating procedures whenever possible; (ii) removing practices that add costs for trade (e.g., advance income-tax payment for exports, restrictions on foreign companies importing by themselves); (iii) highlighting the employment or income dividends of certain reforms for both men and women; (iv) rolling out automation, proper valuation of customs procedures; (v) improving hard and soft infrastructure at border check-points and for cargo handling in Yangon river ports; harmonizing the tariff structure to reduce "nuisance"; and (vi) harmonizing trade data collection by Customs and the Ministry of Commerce (MoC), including in Special Economic Zones (SEZ).

Build institutional capabilities.

It is important for institutional capabilities to be rolled out immediately in order for the MoC and other relevant ministries to coordinate and take full ownership of the trade policy reform agenda. The priorities here are to build momentum from reform in customs procedures by: (i) implementing risk management in cargo inspection; (ii) establishing a "data dashboard" for trade-related data enabling the government to implement or advocate evidence-based policy decisions; (iii) building up capabilities in policy analysis and understanding of trade in services and trade remedies; and (iv) setting up a committee to design and implement trade facilitation reform with a regulatory-overview mandate and capabilities to review NTMs. The capacity of the financial sector could also be strengthened to meet increasing demand for trade finance (e.g., pre-shipment and post-shipment credits, export insurance). To ensure trade development projects are inclusive for local communities, it will be important to establish a proper protocol for consultations with local ethnic communities in the design of trade-related projects and complementary policies.

Engage relevant stakeholders with a view to developing a common strategic vision and inter-ministerial cooperation.

While conditions for such a vision may take time to create, they can be used to set the longer-term goals. These might include: (i) the development of a realistic and demand-driven quality infrastructure; (ii) implementation of a trade sector strategy to promote firms' participation in global value chains (GVCs); (iii) identify and roll out an economic-corridor program to link the development of transport infrastructure and logistics services with trade development projects; (iv) address concerns over negative externalities from trade in extractive products (e.g., precious stones); and (v) engage with women- and youth-led enterprises to address their niche barriers to trade and growth. Given the interest in using SEZs to concentrate efforts in the provision of hard and soft infrastructure to facilitate trade and investment, Myanmar could also consider reviewing the recent experiences from developing SEZs in Thilawa and identifying areas of potential improvement, such as the governance of SEZs, provision of services and facilities for investors, and linkages with local economic activities.

TABLE A
Synthetic view of DTIS proposed priorities

1 ESTABLISH "LIGHTHOUSES"

Streamlining procedures for trade licensing and automate them whenever possible

Eliminate costly practices with little value (e.g., advance income tax payments for export, trade licensing, roadblocks and payments)

Roll out Customs automated system and rationalize import tariff structure

Review and amend legislations in logistics and trade facilitation to further facilitate development of logistics infrastructures by private sector (e.g. warehouse, inland countainer depot, river barges)

Improving night navigation along Yangon river and align practices to increase capacity of cargo handling and logistics efficiency.

Pass new Investment Law to promote certainty and level playing field for investment in Myanmar

2 START BUILDING INSTITUTIONAL CAPABILITIES

Harmonize data collection, improve capacity in policy analysis, trade negotiation, services trade, trade remedies and trade promotion

Consult new trade regulations with private sector and publish all trade regulations in Trade Portal

Implement ASEAN Trade in Goods Agreement and WTO TFA, implement risk management for cargo inspection

Build acceptable quality infrastructure for Myanmar products

Develop capacity of financial sector to meet demand for trade finance instruments

Establish a precedent for consultations with ethnic minorities in the design of trade development projects especially in conflict-sensitive areas

3 DEAL WITH COMPLEX REFORMS

Map out and implement reforms and capacity-building for Myanmar firms to participate in GVCs (e.g., garments, agribusiness, tourism, light manufacturing)

Review practice in trade of extractive products to reduce negative externalities, promote transparency and inclusivity

Map out and implement pilot for economic corridor development which integrates development in logistics infrastructure and logistics services with trade development projects

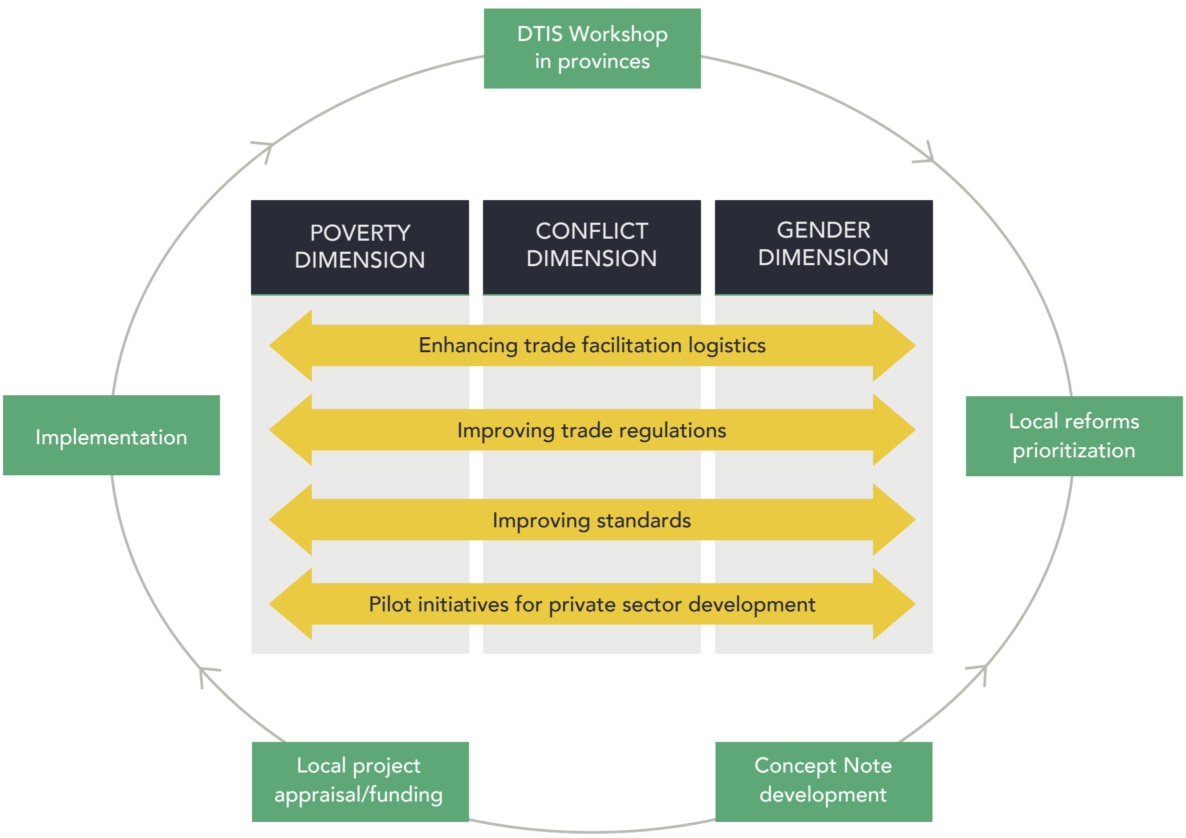
Engage with women and youth-led enterprises to address their niche barriers to trade and growth

Review experiences from Thilawa SEZ

Given Myanmar's political transition*, the overall development objectives of trade reform can only be sustained by a properly designed local trade development program*

A set of cross-cutting reforms are outlined in the Action Matrix at the end of this Executive Summary. However, further analytical work could be undertaken at the subnational level in order to craft accompanying policy measures and make sure the benefits of national trade development can trickle down to local populations nationwide. The definition of local policy targets and the description of local specific constraints could focus on three dimensions, namely: (i) the state/regional poverty profile; (ii) the local conflict situation; and (iii) gender. The government could consider using the opportunity offered by the DTIS dissemination at the subnational level to start a structured diagnostic of local needs and opportunities by carrying out a thorough consultation of local communities on how to implement the Action Matrix locally. The output of the local workshops could become the basis for a concept note to be used to mobilize resources and to start project appraisals. The diagram below shows one option for local consultation. The analysis of the local dimension of poverty, conflict and gender across the DTIS thematic areas (trade facilitation and logistics; trade regulations; standards; and private sector development) could include a mix of qualitative and quantitative assessments, leading to the formulation of specific project proposals for the benefit of the local population.

Figure B: The thematic areas of the DTIS and cross-cutting issues



TRADE POLICY REFORMS

Changes in procedures and incentives could be considered to reduce trade costs and stimulate the provision of services.

On top of the steps already taken to reduce import and export licenses, a number of other procedures could also be considered for removal, and whose objectives can be better addressed through other means.

Changes in procedures and incentives could be considered to reduce trade costs and stimulate the provision of services. On top of the steps already taken to reduce import and export licenses, a number of other procedures could also be considered for removal, and whose objectives can be better addressed through other means. Examples include: (i) the requirement for exporters to pay 2 percent income tax in advance; (ii) limits on how much banks can charge traders to process L/Cs; and (iii) requirements to demonstrate that foreign buyers have already paid for exports (or have used L/Cs). Another example is the flat and relatively low charges levied for storing containers in port (of just US$2/day), creating port congestion. The Ministry of Commerce (MoC) could consider reviewing these practices and consulting stakeholders, including the Myanmar Business Forum, with a view to removing them.

- Availability of reliable trade-related data (action A2 in the Action Matrix). Myanmar's trade statistics are inadequate, while plenty of technical assistance from the World Bank Group, the WTO, the International Trade Center (ITC) and the UN Statistics Division (UNSD) is on hand to help build up the necessary know-how. In the interim, the MoC could start working with the Ministry of Finance, in particular with Customs, to put in place a reliable trade-statistics tool and forward the data to the UNSD for inclusion in the UN Comtrade database.
- **Capacity to analyse data and develop policy briefs** (action A3). The MoC could consider working with other ministries (e.g., Labor, Planning and Finance, and Central Statistical Organization) and think-tank organizations to build up the statistical capabilities needed to inform policy through data collection and sharing protocols, together with the hiring of competent professionals. It could also consider creating and strengthening the capacity of specialist teams with capabilities in data analysis and report writing. Although training is important it does not necessarily address a lack of effective organizational structure—human resource capacity, incentive structure and organizational arrangements—to ensure that the demand for quality policy analysis can be met.
- **Organizational capabilities to effectively respond to the needs of reforms** (action A5). Building capacity through training is important but does not necessarily address the lack of effective organizational structure—human resource capacity, incentive structure, and organizational arrangements—to ensure that the demand for quality policy analysis can be met.

Myanmar's tariff structure could be streamlined and simplified, with the role of protection against market disruptions being devoted to safeguards. This implies tariff reform, as well as continued efforts to improve capabilities to use the WTO's Agreement on Safeguards through training of MoC officials, for which Myanmar has been receiving technical assistance from UNESCAP. Appropriate but non-excessive use of trade defense measures could both shield domestic employment from temporary market disruptions and facilitate the phasing-out of licenses by alleviating concerns about exposure (action A4).

Diversifying exports requires reducing distortions in the allocation of resources, particularly from the burdensome use of non-tariff measures (NTMs). Countries can legitimately make use of NTMs to safeguard consumers' health and safety, protect the environment, and meet other norms. But NTMs with onerous administrative requirements can also be misused to impose costs on the private sector that are equivalent to import tariffs. For this, the MoC could work with other ministries to set up an NTM Committee (NTMC) with a mandate to review existing and new regulations (action A5), and recommend simplifying and automating the process whenever necessary. It will be important for the NTMC to be endowed with a technical secretariat to conduct reviews and benefit from technical assistance from development partners, for instance the World Bank Group, which is supporting similar bodies in Cambodia and Lao PDR. The NTMC and the Trade Facilitation Committee mandated by the WTO could be located in one single body.

Regulatory transparency is key during a transition period with rapid changes in the legal and regulatory environment and the entry of new investors. The MoC could consider undertaking a systematic inventory of all trade-relevant regulations and NTMs, creating a trade portal, and populating the portal with the inventory of regulations in both Burmese and English, with codes corresponding to UNCTAD's MAST classification (action A6). This is an action that all ASEAN members have committed to and will require support from trade-related agencies.

Continuing reforms on the investment climate will help Myanmar to increase and diversify its export base. The adoption and implementation of several fundamental pieces of legislation would help to establish the foundations of a strong business-enabling environment. The Investment Law is a key law, which unifies the Foreign Investment Law and the Myanmar Citizens Investment Law to provide a level playing field for all investors, ensure adequate investor protection, and provide mechanisms for the settlement of disputes between investors and the government, should they occur. The government could streamline procedures related to the investment approval process and minimize the discretionary role of the Myanmar Investment Commission (MIC) in approving investments (action A7).

While constraints on Myanmar's attractiveness in agri-business, light-manufacturing and tourism are largely cross-cutting, sectoral plans would help to encourage thinking about them in context. Given current limitations on government and administrative resources to simultaneously address issues, an industry focus may help. For instance, the MoC and the Ministry of Industry could work with other agencies to build on the Myanmar Garment Manufacturers Association's (MGMA) 10-year strategic development plan, to work out a well-sequenced plan in all its relevant aspects, which may, from a societal perspective, be broader in scope than the MGMA's plan. Such a strategic development plan would include, among others:

- **Trade logistics and customs clearance:** This would cover addressing constraints in the value chain, from fabric supplier to factory, and from factory to buyer, including customs clearance, road and port infrastructure, maritime freight, and ship rotations. For agri-business, this would cover micro-financing for farmers, access to quality seed, certification, quality processing, and marketing channels.
- **Targeted capacity-building:** Working with industry associations, Myanmar can help firms to comply with labor/environmental regulations to meet buyers' requirements, increase workers' skills and improve the capacity of entrepreneurs, both men and women, in modern business practices (accounting, use of ICT, standards and quality, supply chain management, etc.).
- **Export promotion and market access:** This would involve supporting the promotion of Myanmar products abroad, or domestically through tourism. Promoting linkages between Myanmar suppliers with firms in the SEZs and regional value chains (e.g., access to intermediates from Thailand) and tariff preferences in final markets ("Everything-But-Arms" program in the EU and possibly preferential treatment in US and large Asian markets as well) could be supported by the Ministry of Foreign Affairs.

If well-designed, such a plan could then be replicated in other sectors, such as automotive parts, or light electronics/electrical equipment.

2 ENSURING INCLUSIVE EXPORT-LED GROWTH

While trade opens new economic opportunities, it also carries the risk of increased tensions if its benefits are not perceived as being shared fairly, or if proper safeguards are not in place to protect vulnerable populations from expropriation, environmental degradation, or poor working conditions.

Ensuring that trade development works to reinforce rather than undermine the peace process will require a number of steps to be adopted (a positive list) and mistakes to be avoided (a negative list). Trade expansion and an influx of investment may also aggravate employment, skills development and wage disparities between men and women, and women may not be able to access economic opportunities if their interests as enterprise owners, traders and workers are not taken into account.

Myanmar has an opportunity to raise its share of the gains from mining, in particular in jade mining. Jade is currently exported raw and the current system fails to provide local communities with a sense of ownership or any of the gains from Myanmar's huge scale on the world jade market. In this regard, economic theory suggests that a small export tax would raise government revenue without any offsetting economic loss.[1] Such a tax would generate revenue that could then be used with the advice of local communities to fund local development programs, such as vocational training, poverty reduction and health programs, and other basic infrastructure in Kachin State (the source of most of the country's jade). (action B1). For the mining sector to support greater development objective in Myanmar, transparency in data could be improved. This issue has contributed to the generation of social discontent and frustration. The Secretariat for Extractive Industry Transparency Initiative (EITI) could work together with the Ministry of Natural Resources and Environmental Conservation to advocate improved transparency in terms of the identity of the key players, license allocation mechanisms and concession terms. In particular, it could consider ensuring that EITI principles are fully applied to the jade mining sector.

There is currently very little knowledge of the rate at which Myanmar is depleting its natural-resource wealth. Exhaustion of natural resources, including subsoil wealth and environmental resources, contributes to making economic growth non-inclusive by depriving future generations of the benefits of a country's natural capital. The government could consider commissioning a natural wealth study, based on a proven methodology, such as a study undertaken for Mauritania, which gives estimates of net national savings adjusted for the depletion of the natural capital stock (action B2).[2] Such a study would be a first step towards a broader assessment of the environmental and social impact of mining in affected areas.

1 With monopoly power over international jade market, export tax on jade can create a positive wedge between international price and domestic price. Theoretically this means Myanmar government revenue generated from tax will be greater than loss in revenue of miners which is "terms of trade gains" that can be distributed locally.

2 http://documents.worldbank.org/curated/en/2014/05/19553476/mauritania-counting-natural-wealth-sustainable-future

It will be important to ensure that the roll-out of selected trade-related and infrastructure projects in ceasefire areas is carefully sequenced to align with the ongoing peace process (action B3). This would help to prevent the trade-development strategy in conflict areas from moving ahead of the peace process. Trade-related infrastructure could be deployed only after the parties had agreed on the protocol for military and ethnic armed group (EAG) activity in ceasefire areas, in accordance with the NCA or bilateral ceasefires. In contrast, development plans would have to avoid a number of traps that could re-ignite hostilities and undermine trust. The government could consider postponing trade-related activities and infrastructure development in areas close to existing conflicts, including the corridors from Lashio-Muse, Lashio-Chin Shwe Haw and throughout Kachin State. Risks associated with current conflicts in these and other areas could include increased grievances; project stoppages and trade patterns shifting quickly and dramatically. Work on other trade corridors in NCA areas would need good consultation with EAGs and communities to eliminate the conflict issues that have already affected, for example, the Kachin corridor.

Over the longer term, more labor-intensive economic activities could be promoted in conflict-affected areas. These might include, in particular, horticulture, tourism, manufacturing, and certain agro-industrial production. For this, development plans could be designed to improve the functioning of all markets, including the labor market, through investment in training and vocational education as part of a broader, longer-term plan to improve labor-force employability. The need for investment in basic education and improvements in the education sector's performance is universal in Myanmar and benefit from swift action (action B4). This need is even more acute in conflict and remote areas.

Similar concerns apply to the distribution of benefits from development partner-funded trade-related interventions. Ethnic representation and knowledge of the local context are extremely important for the successful implementation of such projects. Anecdotal evidence suggests that development partners are sometimes limited from working in some areas by government or EAG restrictions. Such restrictions imply that projects may not reach the most remote and impoverished areas, which negatively impacts the distribution of benefits. How development partners implement projects in ceasefire areas, not just what they implement, can determine the success or failure of those projects and, even more importantly, the future trajectory of social and ethnic relations in the areas concerned.

Myanmar could avoid tying its industrialization strategy to social or environmental "dumping" m(action B6). Wage compression to rock-bottom levels not only alienates the best buyers; it is also self-defeating economically, preventing the trickle-down of salary gains to the population at large. Industrial salaries set at fair levels (i.e., equal to the value of the marginal product of labor rather than the subsistence level) can have positive spillovers beyond the workers themselves, for example through remittances to farm households that are then better able to invest in productive assets and inputs. While minimum wages that are equal for men and women should not be set at levels that jeopardize competitiveness, they should ensure that the gains from trade trickle down and become "growth enablers". In order to do this, Myanmar could share the experience of other countries and put in place an adequate social/labor regulation environment at the outset; experience from Cambodia's "Better Work" factories program could be useful in this regard. Similarly, market access for logging products will be enhanced by adherence to international standards (e.g., the Forest Stewardship Council (FSC) and the European Union Timber Regulation (EUTR)) in terms of legality and sustainability. The MoC could also include these issues in sectoral plans early on and adopt a broad, multidimensional approach to competitiveness rather than a narrow, price-based one that could end up serving special interests.

3 BUILDING CAPACITY IN QUALITY INFRASTRUCTURE

The need for a quality infrastructure in Myanmar is gradually rising.

In Myanmar today, most export-oriented production struggles to comply with important technical regulations and voluntary standards.

However, the quality requirements are largely informal and few producers demand the full array of services offered by a modern quality infrastructure. Global reintegration will only reinforce this trend, but change will be slow. Therefore, commercial demand for quality infrastructure services will be specific. Likewise, the demand for quality services that is derived from the regulators needing to enforce regulations to protect consumer safety and health will be specific to particular health threats. Even in the best of cases, the supply will be slow to come forward, in particular the public supply of quality infrastructure services, because the capacity of the government within quality infrastructure is very limited and a rapid expansion of services cannot be realistically expected.

In order to compete successfully in export markets, Myanmar might consider adapting its quality infrastructure to meet the demands of buyers with their various levels of demands in terms of quality and SPS certification. This could be achieved with both a legislative/regulatory modernization effort and a capacity-building effort in ministries involved in setting and enforcing standards. However, it will be important for the process to be driven by the demand of the market and from regulators seeking to protect consumer health and safety. Furthermore, it will also be important for Myanmar to avoid rushing to build a quality infrastructure disproportionate to the enforcement capabilities. The regulatory framework will benefit from being carefully designed to avoid conflicts of interest and rent-seeking by the ministries involved.

However, it will be important for the process to be driven by the demand of the market and from regulators seeking to protect consumer health and safety. Furthermore, it will also be important for Myanmar to avoid rushing to build a quality infrastructure disproportionate to the enforcement capabilities. The regulatory framework will benefit from being carefully designed to avoid conflicts of interest and rent-seeking by the ministries involved.

The key issue is how to balance the present and future demand for quality infrastructure services with current design and enforcement capabilities based on consultations and value-chain analyses (action C1). Current capacity-building plans and projects aim at closing Myanmar's standards and conformity assessment gap with the international best practice model, while tailoring it to the Myanmar context. The initiatives proposed in the National Export Strategy (NES) and others could be strengthened by making them less supply-driven and more tuned into demand. The key challenge is to ensure the availability of reliable and recognized services that are used by the private sector and the regulators, and thus sustainable in the longer term. It is important that NES and recently-designed development partner-funded capacity-building projects avoid estimating capacity-building needs by comparing Myanmar's current system with the international best practice model. But, the experiences of other LDCs in rapidly establishing a local variant of the international best practice model are not very encouraging. Few if any LDCs have a strong quality infrastructure and even fewer have a strong quality infrastructure of the kind that the NES and recent projects support most, namely a government-run quality infrastructure.

The crucial element for a demand-driven modernization of Myanmar's SPS/TBT environment is to rely on private-sector requests for reviews channeled through the NTMC (action C2). Once the NTMC has been established with compOnce the NTMC has been established with competent analytical capabilities, the private sector is likely to use it to request reviews and promote useful reforms of the most problematic regulations. With technical assistance from development partners, the NTMC could work in collaboration with similar bodies set up in the sub-region to ensure the convergence of SPS/ TBT environments.

Focusing on exports can help drive capacity-building and generate positive spillovers for the management of domestic safety and quality issues. In seafood exports, for example, the implementation of stringent food safety management to comply with EU import demands could be used to increase awareness of food safety issues at home, such as the use of antibiotics in shrimp farming. In this example, satisfying the commercial demand for a quality infrastructure would help to satisfy the demand from regulators to manage domestic food-safety problems.

The transition strategy could start with quick wins, for example in rice. A recent World Bank Group study of the rice sector identified the colonial-era Beale rice classification system as a major constraint on Myanmar's competitiveness. This classification system could be abandoned (action C3). This report also found that improving the quality of Myanmar's rice is about much more than improving the quality infrastructure. Basic supply chain interventions are needed, such as promoting better rice varieties and improving cultivation practices. More studies of value chains, including men and women's productive roles, along the lines of the World Bank Group rice study would help to

Investment in upgrading testing laboratories could be calibrated to the demand of business and regulators (action C4). The extensive laboratory investment program suggested by the NES can be viewed as a long-term strategy. Short term, focus could be on investments selected based on demand from business and regulators. It will be important not to crowd out potential private sector investment in conformity assessment. Both the knowledge of demand and the capacity of the major government quality institutions are weak. Thus, legal reforms and laboratory capacity-building could be accompanied by research into how best to develop a demand-oriented quality infrastructure and build capacity at the main institutions to act strategically and plan.

Finally, the authorities could implement the roadmap to establish a Myanmar accreditation body agreed between the Accreditation Division, UNIDO and PTB (action C5). There is currently no accreditation body, but the government has agreed to select the Singapore Accreditation Council as a partner in setting up a future Myanmar accreditation body.

4 ENCOURAGING GROWTH IN TRADE IN SERVICES

As part of the country's broad-ranging economic and regulatory reform process, Myanmar's general policies for trade in services are increasingly open and non-discriminatory to foreign participation. Nevertheless, lingering restrictions remain in the governance and administrative framework, as well as in laws and regulations. These barriers introduce high costs in the operation of services firms in Myanmar, limiting the benefits of market opening.

Myanmar could raise awareness and strengthen the institutional set-up for trade in services regulation and policy. Trade in services remains a new area for policymaking for Myanmar's institutions and policy formulation would benefit from a skilled coordinator and efficient procedures to share information and determine policy directions. While Myanmar, as a WTO and ASEAN member, is involved in various trade negotiations, including trade and investment in the services sector, the government does not have a specific department taking the leading in formulating a comprehensive policy on trade in services. Consequently, strategy on trade in services policy and negotiations are carried out in an ad-hoc manner, often trying to keep pace with more advanced regional partners and without bringing a strategic view to the negotiations.

A number of cross-cutting reforms would also be beneficial in the area of services-trade regulations. Small-scale services providers face regulatory obstacles that could be easily removed (action D2). Transparency in licensing procedures could be improved and streamlined. More importantly, significant gaps are observed between rules and administrative practice, while many rules are conflicting or unclear. The MoC, through a Task Force for Private Sector Reform, could spearhead dialogue to streamline regulations relevant to trade in services for review and reform recommendations.

A sectoral approach could be used to identify priorities and quick wins that are expected to bring major economy-wide gains. The objective of this approach is not to have sectoral silos but instead to coordinate policies and open up potential for the various trade subsectors to have a major impact on economic development (action D3). This DTIS identifies three such subsectors:

- **The telecommunications sector: strengthening regulatory capacity to ensure competition and quality telecom services.** Myanmar could consider capacity-building efforts in the telecommunications regulatory regime, which currently suffers from analytical weakness. Telecommunications regulations, in particular license-allocation rules, could be streamlined and published in both English and Burmese on the trade portal.
- **The tourism sector: coordination to manage destinations and improve the capacity of services providers.** Developing tourism in Myanmar would help to reduce poverty, as potential tourist destinations are often in rural areas where poverty is high. Coordinated efforts could help various ministries to improve the management of heritage sites and the provision of public services, such as infrastructure, access to information, etc. in tourist destinations. Myanmar can also strengthen the links between tourism and local economies by engaging in public-private initiatives to increase the capacity of local workers, hotels and restaurants.
- **The distribution sector: phasing out restrictions on import licensing for foreign firms and allowing them to engage in distribution services.** Allowing FDI in the distribution subsector would facilitate knowledge transfers and help to modernize Myanmar's antiquated logistics network. With fragmentation of the manufacturing process in different locations, allowing foreign distribution companies to become established in Myanmar in order to trade intermediate products would help to strengthen Myanmar's attractiveness as a destination for manufacturing investment in the region.

5

DEVELOPING EFFICIENT TRADE CORRIDORS

Located on the ancient Silk Road, Myanmar holds a strategic position to facilitate trade, which is key to unlocking its economic potential. Myanmar shares land borders with China, India, Lao PDR and Thailand, together accounting for about US$15 trillion, or one-fifth, of global GDP.

As poverty tends to be higher isolated and remote areas, while industrial agglomeration occurs in cities, a coherent approach would help to link infrastructure development with local economic potential, particularly in mountainous and western coastal areas, and link these areas to industrial agglomerations and nearby international markets. Such an approach would benefit from a coordinated effort to reduce hard and soft bottlenecks in logistics infrastructure, which could generate huge competitive gains for local economic development.

Planned upgrades of the country's infrastructure offer opportunities for transformational change. Both inclusive development and the needs of international investors point towards the need to build infrastructure to international standards. Myanmar's highway network is around 36,000 km, of which only two-thirds are paved. Moreover, the overall design is inadequate for the needs of an efficient market-based economy. Port capacity in Yangon, a river port 32 km inland currently handling 80 percent of the country's trade, is likely to reach saturation soon. Cargo throughput has grown fourfold over the past decade and is slated to grow even faster going forward, suggesting the need to consider a new deep-sea port.

The Yangon-Mandalay road corridor is the country's main logistics backbone and could be prioritized for upgrading. According to traffic projections by JICA (2014), by 2017 heavy traffic along the AH1 will surpass the highway's capacity. This could be temporarily alleviated by allowing container trucks to use the National Expressway between Yangon and Mandalay with certain tariff rates, before the combined capacity itself will become insufficient by around 2028. Therefore, opening the National Expressway to container trucks seems inevitable (action E1). In order to control road damage from heavy vehicles, axle weights could be limited as a first step. Simultaneously, the highway would benefit from major upgrading, as it will deteriorate rapidly once heavy traffic is allowed; such upgrading would be closer to a total reconstruction, including ballast and widening. It will be important for this work to commence soon, as today's low traffic will be easier to divert onto the AH14 than the increased traffic in a few years' time.

The road link with the Yunnan province in China could be made more logistics friendly. Eighty-six percent of Myanmar's border trade is with China, and most of that trade uses the road link from Mandalay to Muse via Lashio. Traffic on this corridor will continue to grow over the next few years, fueled by economic growth in the two countries, as well as Chinese government efforts to develop its hinterland. Facilitating private investment in inland logistics park and container depots will help consolidate cargo and improve logistics efficiency (action E2)

Freight rail and inland waterway transport could be developed to relieve pressure on roads for bulk transport (action E3). The rail network has 5,992 km of track, of which only 705 km are double-track. The tracks are one-meter gauge and not electrified. Myanmar Railway, a state-owned enterprise, is the only operator providing transport services for passengers and freight. Railway reform and investment may be one way of addressing highway congestion as the country industrializes. Inland waterways also suffer from a lack of basic infrastructure for proper loading-unloading of freight.

Facilitating local communities to engage in cross-border trade could be a powerful means of raising income and reducing poverty. Greater trade can bring convergence in prices and job opportunities, both important for the livelihoods of poor households in border areas. International evidence also suggests that trade can promote peace by increasing the opportunity cost of communities engaging in conflict. To this end, Myanmar can review and simplify procedures for local communities to engage in cross-border trade with neighboring communities (action E4). Improving connectivity to border checkpoints (e.g., in Tamu) can be done rapidly. Inspection and testing facilities can also be improved to facilitate trade of more types of products.

Myanmar could leverage its current transport plan into an economic-corridor development strategy. Myanmar has developed a National Transport Development Plan (with JICA support) and a Road Development Plan (with KOICA support). It will be important to ensure that these transport infrastructure development plans are well linked with local economic potential and connect this potential to the nearest growth poles. In this regard, a coherent, multi-stakeholder effort could help to remove bottlenecks to private investment in transport infrastructure, freight logistics services and productive capacity at the local level (e.g., in agribusiness, manufacturing and tourism). Developing an economic corridor plan and identifying an institutional framework for implementation could be prioritized (action E5).

FACILITATING TRADE THROUGH BETTER FINANCE & LOGISTICS

Improving port efficiency and cargo turnaround times are key for logistics efficiency in Myanmar and improvements can be made in a relatively short timeframe.

Around 80 percent of Myanmar's trade is handled by river ports in Yangon and Thilawa situated 32 km in-land. Cargo throughput (measured in TEU) grew from 155,000 TEU in 2004/05 to more than 617,000 in 2013/14, a fourfold increase.

While extending the berthing area for vessels is one option, this may not be an optimal strategy given that berth productivity of Myanmar's main port in Yangon is still relatively low due to constraints on vessels navigating the channel at night. Port congestion due to the stacking of containers and local traffic in Yangon city is contributing to a lack of reliability of logistics services. Developing a deep-sea port with smooth links to industrial zones and a transport network to hinterland and border areas is desirable. However, such a major investment will take time and the following options may be considered in the interim:

- **Upgrade/revamp night navigation on the Yangon River.** In order to allow vessels to call at ports at night and help to increase utilization of the available capacity at Yangon's ports, night navigation on the Yangon River needs to be upgraded. This action should also be accompanied by reviewing the tariff structure, including the low and flat fee for storing containers in port, to allow higher cargo turnaround (action F1).
- **Facilitate the transport of containers from port to Yangon's industrial areas using river barges (action F2).** Increased traffic congestion around Yangon will increase time and reduce reliability for cargo arrivals. Myanmar's authorities (MPA, Customs and the Ministry of Transport and Communications) could consider facilitating the transport of containers from ports to industrial areas around Yangon by using river barges as an alternative. Thilawa Port has this option already but in order to make it cost effective handling will have to be minimized and customs procedures accommodative.
- **Facilitate discussion between Customs and the private sector in the Myanmar Business Forum on investment in private bonded warehouses (action F3).** Customs has recently issued regulations on bonded warehouses. It is important for the private sector to become familiar with the procedures and discuss any remaining issues with Customs that might prevent investment in, and operation of, private bonded warehouses.

The quality of logistics services could be improved by capacity-building in the supply chain, phasing out restrictions on foreign companies in domestic distribution services and facilitating the development of cargo insurance. Myanmar's "competence and logistics quality" in the 2014 World Bank Group's Logistics Performance Index (LPI) was ranked 150th out of 160 countries. As Myanmar's economy grows, demand for quality logistics services from manufacturers and retailers will also grow. Interviews suggest that the supply of quality logistics services in Myanmar is still constrained by skills capacity, access to finance and technology. Addressing these issues will require coherent effort and time. Those in the industry, such as the Myanmar Association of Freight Forwarders (MAFF), working together with the Ministry of Transport and Communications can start by facilitating training programs in logistics/supply chains for workers seeking jobs in logistics services providers and supply chain management/procurement (action F4).

Establishment of a Trade Facilitation Committee is a key step for Myanmar in implementing the WTO Trade Facilitation Agreement (TFA). (action F5).

Myanmar can build on the momentum of customs modernization to push for further reforms in trade facilitation. Myanmar has started to operate an SEZ in Thilawa with a one-stop customs clearance process. It is also moving ahead with customs modernization and the Myanmar Automated Customs Clearance System (MACCS) is expected to be operational by late 2016. However, while this is an important start, it is inadequate to meet growing demand from Myanmar's private sector for efficient and reliable supply chains. Trade facilitation can be made more efficient by improving procedures.

No single agency can resolve the cross-cutting and inter-agency nature of problems in logistics and trade facilitation. Important stepping-stones would include the establishment of a coordinating mechanism, a Trade Facilitation Committee and the development of a clear action plan to improve current practices.

It will be important for Customs reform to proceed with a broad agenda to align cargo clearance procedures with international best practice. While the ongoing customs modernization is important, it will not be exhaustive in covering the wide-ranging needs and problems in logistics and trade facilitation in Myanmar. Logistics and trade facilitation are key to the efficiency and reliability of the supply chain. Therefore, a comprehensive reform agenda—going beyond customs automation—could be considered and implemented (action F6):

- **Embracing the use of IT more thoroughly.** Myanmar could leverage its engagement in regional and multilateral fora of economic integration to sustain reform momentum on trade facilitation. It can use ASEAN's commitment to implement a National Single Window (NSW) as impetus for further simplification of procedures for trade facilitation, including aligning business processes of separate border agencies, to allow traders to submit electronic forms to relevant border agencies and obtain rapid responses. Such changes in border agencies would allow them to provide one-day turnaround in approvals compared with the current 8 days.
- **Phasing in risk management to replace physical inspections**. At present, there is no effective risk management system that Customs can use to decide which containers or shipments to fully inspect. The decision process for Customs to decide whether containers of non-green channel importers should go to the red channel (for full inspection) or the yellow channel (for inspection by X-Ray machine), or the green channel (documents inspection only), is based on a "lucky draw".
- **Implementing a vigorous administration training effort.** The problems created by cumbersome procedures are compounded by a frequent lack of knowledge in the administration of which rules apply. In a transition period when many of those rules are evolving and new economic actors appear, vigorous training would help to ensure that the new rules are effectively understood and applied on the ground, while the old rules are phased out.

Having an enabling regulatory environment would help Customs and other trade-related departments to align their procedures with international standard. To date Myanmar has been amending the 1878 Sea Customs Act to accommodate modernization of customs and trade facilitation practices. Myanmar may want to consider reviewing existing Customs and other trade-related legislations and assist with writing a new National Customs Code (action F7).

Making it easier to issue certificates of origin. One of the key aspects for Myanmar's exporters in utilizing preferential tariffs in ASEAN is to use Form-D to establish "origins of the product" according the rules of origin (ROO). Currently, Myanmar is the ASEAN member that least utilizes Form-D, so it may be important to review current practices and encourage automation in the issuance of certificates of origin (action F8).

Finally, although sanctions have been largely lifted, access to trade finance remains a key issue for Myanmar's traders. Many players in Myanmar have little awareness of the potential benefits of trade-finance instruments, and a communication and training effort would help to raise awareness among business players and in the banking sector (action F9). Domestic banks have little capacity to process or provide trade finance instruments, such as receivable financing or letters of credit. They could be encouraged to make trade finance available through the adoption of an appropriate legal framework, technical assistance, and guarantee for risk and liquidity. Finally, capacity-building could be facilitated for more banks to open access to receivable financing for Myanmar's exporters.

ACTION MATRIX ON TRADE POLICY

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Procedures	A1	Cumbersome procedures that add trade costs (e.g. advance income tax for export, restrictions for foreign companies to import)	Remove unnecessary practices through consultations with stakeholders	2016 – 2018	
Data	A2	Lack of foreign-trade statistics and other relevant data for policy making	Capacity-building on recording and classifying trade data on HS-system and consolidation of data for normal and border trade and in SEZs Conduct firm-level and labor surveys	On going	
Capacity-building	A3	Limited capacity in analyzing impact of trade policy changes on growth, prices, trade in services, trade agreements, and trade negotiations	Capacity building for government departments and think tank organizations on data and policy analysis, safeguard measures Review incentives, mandate and organizational structure of trade-relevant departments	2017– 2021	
Tariffs & safe-guard	A4	MFN tariff structure is too complex	Conduct tariff rationalization	2017– 2019	
NTMs	A5	Reform in trade licenses and certificates is underway but not completed	Assign NTM/Trade-facilitation committee (NTMC) to review selected NTMs have clear objectives around protecting safety, social norm, environment, and public health and procedures Streamline and simplify procedures in trade licenses and encouraging automation whenever possible	2016 – 2019	
	A6	Lack of updated information on NTMs including permits & Customs procedures in a single platform	Set up Trade Portal and amend legislation to require trade-related departments report NTMs + procedural information	2016 – 2019	

√ : High priority and high impact actions; HM: high impact actions that require longer time frame for implementation

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Cutting red tapes	Legislation	MoC	WBG	√
	Reliable trade data regularly published in UN Comtrade for informed trade-policy making	UN Comtrade, MOC, Central Statistical Organization (CSO)	CSO, MoC, Customs, Min. of Transport & Comm (MoTC)	TDP	√
	Better analytical input for decision-making, better coordination, better ability to use safeguards as temporary protection	Workshops, trade data analysis in policy documents	MoC, CSO, Ministry of Planning &Finance (MoPF	TDP, WBG, ESCAP	HM
	Streamlined tariff structure	Tariff schedule, WTO notifications	Customs, MoC, MoPF	TDP, WBG	√
	Improved trade facilitation while meeting objectives of NTMs	MOC, % of tariff subject to licenses	MoC, FDA MoC, MoPF	WBG	
	Improved predictability and transparency in procedure for Customs clearance	Trade portal accessible online, exhaustive NTM inventory	MoC, NTMC	USAID	√

ACTION MATRIX ON TRADE POLICY (CONTINUED)

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Private- sector develop.	A7	Improve certainty in rules for private investments	Pass a new investment law, company registration, consider having negative list to limit discretion of line departments to restrict investment via ad-hoc decision	Ongoing	
	A8	Limited capacity in modern business practices among SMEs with export potential	Introduce capacity building program with rigorous impact-evaluation structure in place Build on NES plan to elaborate a broad-based industrial policy in light-manufacturing, starting with garment, agribusiness and tourism	2018 – 2021	

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Certainty and clarity for private sector investment	Legislation	DICA	WBG, ADB	√
	Best-practices are identified and made available to firms willing to engage in international trade Proper sequencing of key competitiveness-enhancing measures	Program evaluation report MOC, Ministry of Industry (MOI)	Private operators, business associations, MoC and Ministry of Industry (MOI) MOC, MOI	WBG UNIDO, WBG, ITC	HM

INCLUSIVENESS

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Strengthening of the peace process through trade-led development	B1	Limited benefits from mining-based trade for local communities, limited transparency in trade-related mining activities	Review/streamline jade taxation regime to benefit local communities and encourage local processing, e.g. through a small export tax on raw gems	2017 – 2020	
			Through EITI mprove transparency on mining operators' identity and terms of their licenses		
	B2	Limited information on rate of natural-resource depletion & environmental degradation	Commission a report on Myanmar's natural wealth: carry out environmental audit of jade mining	2017 – 2020	
Inclusive development	B3	Risk of heightened tensions if trade-related projects (infrastructure, extractive) deployed too quickly	Coordinate overall sequencing of trade-related investments in conflict areas with progress of peace process	2016 – 2021	
	B4	Underdeveloped labor-force skills & employability	Vocational training and basic education programs, in particular for women & vulnerable groups	On going	

√ : High priority and high impact actions; HM: high impact actions that require longer time frame for implementation

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Development of local jade processing, leading to the development of jewelry manufacturing	NGOs EITI	MoC, MoPF, Ministry of Natural Resources and Environmental Conservation (MNREC)		√
	Improved transparency		EITI Secretariat, MNREC		
	Improved sustainability of extractive activities	MNREC	MNREC		HM
	Better buy-in of development projects by LEGs	NGOs	Regional Governments, MoHA		HM
	Employment gains in particular for vulnerable groups	Labor-force survey	Ministry of Labor, Immigration and Population	ILO, GIZ	HM

QUALITY INFRASTRUCTURE

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Private-public dialogue	C1	Capacity and awareness of demand for quality infrastructures is low	Assess demand for standards and quality infrastructure through value chain studies and targeted capacity building program for government quality infrastructure and other methodologies. Initiatives can be built by refining existing studies to ensure that they are tuned into demand. Increase awareness of and capacity of applying good practice on technical regulation and quality infrastructure	2017 – 2021	
Regulatory framework	C2	Underdeveloped SPS/TBT regulations for technical regulation and quality infrastructure	Review and issue legislations	On going	
	C3	Export quality for rice is based on a system that is not internationally recognized	TA to abandon the Beale rice classification system and replace it with a system allowing rice to be sold for export by variety	2017 – 2018	
Institution building	C4	Limited capacity in laboratory testing (conformity assessment)	Support to selected public and accredited private laboratories	On going	
	C5	Underdeveloped accreditation Body	Implement the roadmap to establish the Myanmar accreditation body agreed between the Accreditation Division, UNIDO and PTBA	On going	

√ : High priority and high impact actions; HM: high impact actions that require longer time frame for implementation

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Increased strategic capacity in public quality and infrastructure.	Policy note, workshops	DNSQ	TDP, ADB	HM
	More knowledge on modern legal framework for quality infrastructure	Proposed laws and regulations including framework for technical regulation	Department of National Standard and Quality (DNSQ)	USAID, WBG, TDP	√
	Improvement in buyers' confidence of quality system of Myanmar rice	Policy change, workshop	Ministry of Agriculture ,Livestock and Irrigation (MALI)		√
	Better access to authorized laboratory testing facilities	# of upgraded laboratories	MALI, MoC, DNSQ, FDA,	TDP	HM
	Increased capacity to undertake accreditation	Roadmap completed	DNSQ	UNIDO	HM

TRADE IN SERVICES

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Institutional & policy-formulation capabilities	D1	Lack of coordination across departments handling services trade	Re-design instit. framework for coordination and oversight in service trade to one department and align mandates of other sectoral departments	2017 – 2019	
Cross-cutting regulatory reforms	D2	Limited information in gaps in regulation and practices, regulatory obstacles faced by small service providers licensed at MIC and DICA	Request regulatory reviews and reform regulations based on recommendations	2017 – 2019	
			Establish services portal	2018 – 2021	
Sectoral interventions	D3	Underdeveloped institutional capabilities of regulatory agency in telecom	Training & capacity-building	2017 – 2020	
		Lack of coordination across multiple departments and cumbersome licensing process for hotel investments	Review license process for hotels and establish coordination on policies and infrastructures in certain destinations	2017 – 2018	
		Limitation for foreign firms to directly import and distribute products	Gradually phase out restrictions	2017 – 2020	

√ : High priority and high impact actions; HM: high impact actions that require longer time frame for implementation

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Enhanced services policy formulation	MoC and departments conducting trade in services negotiations.	MoC, MoPF, CBM, MoTC, Ministry of Hotels and Tourism, Ministry of Labor, Immigration and Population (MLIP)	WBG	√
	Expansion of small-service provider activity	Publication of new texts on services portal	DICA		HM
	Better transparency and certainty of rules	Services portal	DICA, MoC		HM
	Better oversight	Workshops	MoTC		√
	Sustainable tourism	Legislations	Ministry of Hotel and Tourism	WBG, JICA	
	Improved access to imported intermediates, enhanced competitiveness	Legislations	MoC		

CORRIDORS

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Hard infra-structure	E1	Trucks carrying containers are not permitted to use the National Expressway	Improve Yangon-Mandalay Expressway to allow containerized trucks to pass with certain tariff	2017 – 2021	
	E2	Limited access to inland logistics infrastructure	Conduct feasibility study with PPP options for investment in logistics park and island container depot	2018 – 2020	
	E3	Railway and inland waterways can be alternatives to road transport which is increasingly congested	Conduct feasibility studies and implement infrastructure development	2018 – 2020	
	E4	Underdeveloped infrastructure in border check points, constraints for border trade	Review practices in in-land border trade, and invest in infrastructures at border check points	2017 – 2018	
Soft infra-structure	E5	Lagging regions can be better linked with markets	Develop and implement corridors development strategy	2017 – 2021	

√ : High priority and high impact actions; HM: high impact actions that require longer time frame for implementation

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Faster shipments of containerized trucks	Corridor Assessment Study	MoC, MoTC	JICA	√
	Greater cargo/container movement	Traffic data	MoTC, Customs, Regional Governments		HM
	Reduced congestion on highways, reduced inland transport costs	Strategic investment plan developed and discussed	MoTC, Customs	JICA	HM
	Decreased clearance time, greater volume for inland border trade	Trade data	MoC, MoTC	ADB	√
	Wage and employment growth, generation of local purchasing power	Household survey	MoC, MoTC, MoPF, Regional Governments	WBG	HM

TRADE FACILITATION AND LOGISTICS

REFORM AREA	ACTION CODE	CONSTRAINT TO BE ADDRESSED	INTERVENTION	TIME LINE	
Logistics	F1	Low berth utilization at port and congestion between port and inland	Upgrade night navigation in Yangon river to allow ship to call ports past midnight and review tariff structure to increase container turn-around	2017 – 2019	
	F2	Road congestions in transporting goods inland	Facilitate transport of containers from port to Yangon industrial areas through river barges	2017 – 2019	
	F3	High demand for private logistics park and bonded warehouses outside port	Adapt enabling regulation to facilitate private investment and improve capacity to supervise	2017 – 2018	
	F4	Underdeveloped capacity in delivering quality logistics services	Capacity building TA and review constraints for development of quality logistics services	2017 – 2021	
Border procedures/ NTM	F5	Irregular coordination across trade related departments form reforms in cargo clearance and trade logistics	Establish National Trade Facilitation Committee with a Secretariat and mandate to coordinate reforms in WTO-TFA and cargo clearance procedures	2016 – 2018	
	F6	Cumbersome processes for customs clearance and inspections	Streamlining/harmonization, use of IT, implementation of WTO Customs Valuation Agreement, risk management	2016 – 2018	
Border procedures/ NTM	F7	Existing Customs and other trade department legislations are old and requires constant amendments to address new technologies and processes.	Reviewing existing Customs and other trade department legislation and assisting in writing a new National Customs Code.	2017 – 2019	
	F8	Low utilization of ASEAN's Form D and manual processing for Certificates of Origins	Capacity building on ASEAN ROO and review process and propose automation and on-line application of such process	2017 – 2019	
Trade finance	F9	Limited capacity of financial sector to deliver trade finance instruments	Training for traders and bank staff	2017 – 2019	
			Review of legislations and practices for banks to provide trade finance instruments at market prices		

√ : High priority and high impact actions; HM: high impact actions that require longer time frame for implementation

	EXPECTED IMPACT	SOURCE OF INFORMATION FOR VERIFICATION	RESPONSIBLE AGENCIES	ONGOING/ PLANNED SUPPORT BY DEV' PARTNERS	PRIORITY AND HIGH IMPACT ACTIONS
	Greater capacity to handle increase in freight and more efficiency in logistics	# container throughputs	MPA	WBG	√
	More efficiency in logistics	# of containers transported	MPA, MoTC, Customs		√
	Cargo consolidation outside ports, Improved competitiveness for export-processing activities	# of private bonded warehouses with on-site inspections	Customs, MBF	WBG, ADB, ESCAP	√
	Improved services & competition	LPI	MoTC, Associations	WBG, ADB	HM
	Smoother process in implementing regulations	Guidelines and legislation	MoC, MoPF, Customs	WBG, TDP	√
	Lower congestion at port, lower transaction costs, improved lead time	LPI, Doing Business	Customs and other border departments	JICA, TDP,WBG, ADB	√
	Improved efficiency in border management	Existing Legislation Review	Customs, MoPF	WBG	HM
	Increased use of forms such as Certificate of Origin	Trade data	MoC, Quarantine, FDA	WBG	HM
	Expanding use of TF instruments	Number of workshops and trainings	Central Bank of Myanmar (CBM)		
	Commercial banks make trade finance services available to their clients	Number of L/C processed, receivable financing offered by domestic banks	CBM		HM

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