

Myanmar's Experience on Implementation of the Trade Facilitation Measures*

Introduction

Union of Myanmar is a founder member of GATT and a signatory member of WTO. Apart from the membership of international organizations, Myanmar is also a member of various Regional Groupings, such as, Association of South-East Asian Nations - ASEAN, Greater Mekong Sub-region-GMS, Bay of Bengal Initiative for Multi-Sectoral Technology and Economic Cooperation - BIMST-EC and Ayarwaddy - Chao Phaya-Mekong Economic Cooperation Strategy - ACMECS.

As a member of international and regional organizations, Myanmar has been implementing the obligations relating to trade facilitation where each and every group has adopted and negotiated with it's own way to facilitate trade.

Myanmar is, one of the WTO members, committed to implement GATT Article V - Freedom of Transit, Article VIII - Fees and formalities connected with Importation and Exportation and Article X - Publication and Administration of Trade Regulations.

In ASEAN, the ASEAN Free Trade Area is implemented by generating elimination of tariffs and non-tariffs-barriers to facilitate trade. With regard to the GMS, the Agreement on Cross Border Movement of Goods and People was signed and ratified the member countries.

Initial implementation of Trade Facilitation

Myanmar has changed its economic course from a centrally planned economy into a market oriented system in late 1988. Since then, the following series of structural reforms have been introduced as trade facilitating measures : -

- (1) Decentralizing central control.
- (2) Encouraging private sector development
- (3) Allowing foreign direct investment
- (4) Initiating institutional changes.
- (5) Initiating the new financial management system.
- (6) Streamlining taxes and duties.
- (7) Promoting external trade by streamlining export and import procedures.
- (8) Improving infrastructural supports.

In order to promote private sector participation in international trade, the role of Chambers of Commerce and Industry had reactivated and reorganized the Union of Myanmar Federation of Chambers of Commerce and Industry - UMFCCI. Since the Federation of Chambers of Commerce and Industry has a large network of chambers among the private sector, it is a forum for dialogue and discussion between the private sector and Government Agencies on matters involving International Trade. It is also a bridge between the Government and the Private Sector.

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Implementation of GATT Article V

Since changes of economic course, transit trade is allowed under new procedures of international trade. Moreover, Department of Border Trade was formed under the Ministry of Commerce in 1996 and opened border check points along the border areas with the view to facilitate overland trade with a neighbouring countries.

At present, there are 13 branch offices providing one stop service(oss) along border areas in collaboration with various departments concerned. Moreover, Myanmar has already designated two border posts as a pilot site for implementation of Single Window Inspection in collaboration with respective neighbouring countries. And with its own funding, Muse Border Trade Commercial Zone has been constructing at China-Myanmar border area to facilitate border trade transiting.

In order to facilitate the flow of Border Trade, has been allowed not only As a medium of exchange US Dollar but also local currencies can be used for border trade transactions. Moreover, with the view to facilitate payment mechanism, branch offices of Myanmar Economic Bank are opened at border points.

Since Myanmar became a member of the WCO in 1991, it has introduced reform measures in customs administration in order to simplify and harmonize customs procedures and documents. The major initiatives were undertaken since 1992 as follows :

- introducing of Green and Red Channels at the airport.
- transformation of export and import divisions under the Customs Department into a one stop service station.
- application of Declaration Forms according to the UN Lay Out.
- simplification of customs clearance procedures.
- restructuring of cargo examination procedure.
- establishment of customs transit trade system.
- adoption of the inward processing procedure as suggested by the Kyoto Convention.
- establishment of Duty Free shops and bonded warehouses.
- security initiative for containerized cargoes.
- establishment of Customs website in cooperation with ASEAN Secretariat.
- preparation for the ASEAN Single Window.

Implementation of GATT Article VIII

Although it is required to apply export/import license for each and every export and import, export license fees is not payable for all export. The import license fees is also at a reasonable rate based on the invoice value which is not in terms of fiscal purpose but to cover the document administration cost. There is no Custom duty on export.

There is no quantitative restriction for any export or import. For some major foods items white rice and coconut oil temporary quantitative measures have been applied due to domestic self sufficiency. According to the severe trade deficit

experienced for many decades, import is allowed against the export earning. The more they want to import, the more they have to export, which is more or less supporting the export promotion.

Myanmar is a agro-based developing country and our main export items are agricultural, marine and forest products and our main imports are capital goods, construction materials, machineries and pharmaceuticals. In this context, our export items are food related items and required formalities are done according to request of importing countries.

With regards to imports, the documentation is simplified and reducing minimum requirement. Only for safety ness of human, animals and plants, imported pharmaceuticals are required to registered in Myanmar before importation has been done. On line application of export/import licensing has been introduced, but due to some man power constraint and limited availability of hardware, hopefully, it can be fully utilized by the end of the year 2005.

For awareness and understanding of export/import procedures by private sector, Ministry of Commerce is conducting trainings for the Import/Export Procedures by monthly basis. Moreover, Government and Private consultation meetings were done occasionally by exchanging views and recommendations when policy changes are taken place.

Implementation of GATT Article X

Since the initial reforms measures were undertaken, the necessary Orders, Rules and Regulations and Procedures regarding with the Investment, Export, Import, customs regulations and Taxation were enacted and published. In this context, a series of legislation were regulated, new laws being promulgated, and moreover, existing laws that are no more appropriate for the new system were amended to be compatible with the changing economic environment.

UNESCAP has initiated a project called " Alignment of the Trade Documents of Cambodia, Myanmar and Vietnam ". The output of this project is a **published guidebook** that can be used by countries for assessing the degree of alignment of their documents with the UN Layout Key. In accordance with the guidebook of UN-ESCAP, Ministry of Commerce of the Union of Myanmar has relayed trade documents to departments concerned that would serve as a useful guide for adopting aligned and simplified trade documents, that further rationalizing trade procedures. Therefore, Myanmar has already aligned trade documentation forms according to United National Layout Key.

The periodical notifications, orders, trade information such as market and prices of commodities, are publicized through the *Trade News bulletin* and *Commerce Journal*, which are published bi-monthly by the Ministry of commerce. These issues are also available on line at website of Ministry of Commerce, **www.commerce.gov.mm**. It is to be informed that **MyanmartradeNet.com.mm** which is a Trade portal, is now under way to emerge in the future.

Challenges and Cost of Implementation for Trade Facilitation

It is agreeable that trade facilitation is cost effectiveness. However, it will be meaningless if physical infrastructure is inadequate. Most of the developing countries, including Myanmar are facing with multiple cost of implementation to reduce cost of trade. Major cost consuming sectors are

infrastructure development, human resource development, development of mechanisms for trade facilitation, and institutional reforms.

Inadequate capacity is a major challenge for effective implementation to facilitate trade. Therefore, developing countries, particularly, least developed countries require adequate support and assistance not only in terms of technical but also financial.

Technical assistances are providing in various ways by international and regional organizations and development partners for the developing countries. However, this assistance provides only for awareness and acknowledgement of advantages of trade facilitation without practical implementation.

Competitiveness issue is one of the challenges faced by our exporters in order to facilitate trade. The critical one that we are facing is supply side constraints problem. Most of the exporters are entirely depend only upon a few exportable products. Although efforts are being made to identify new products and trying to get market access, it could not be materialized due to the following weaknesses :-

- Limited capacity to produce for export
- Lack of exports diversification into high value-added, processed and manufactured products
- Stringent quality and standard requirements
- Production of export products not matched by market demand
- Inadequate foreign market information
- Lack of skilled manpower and institutional capacities
- Lack of technological capacity and technical know-how
- Lack of financial and marketing capability

With regard to freedom of transit, it cannot be entirely facilitate due to political and social reasons by nature of our country. The narcotic drugs and human trafficking is a major problem to facilitate freedom of transit both for goods and people.

Special and Differential Treatments

Myanmar would like to support the following request made by Least Developed Countries Group at the Zambia Ministerial Meeting to reach agreement at the Sixth Ministerial Conference :-

"Full and faithful implementation of the Modalities for Negotiations on Trade Facilitation that ensure adequate financial and technical assistance and capacity building including support for infrastructure development of Least Developed Countries".

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