

REPUBLIC OF THE UNION OF MYANMAR
NATIONAL EXPORT STRATEGY
TRADE FACILITATION
AND LOGISTICS
CROSS-SECTOR STRATEGY 2015-2019



Myanmar Ministry of Commerce



International
Trade
Centre

The National Export Strategy (NES) of Myanmar is an official document of the Government of the Republic of the Union of Myanmar.

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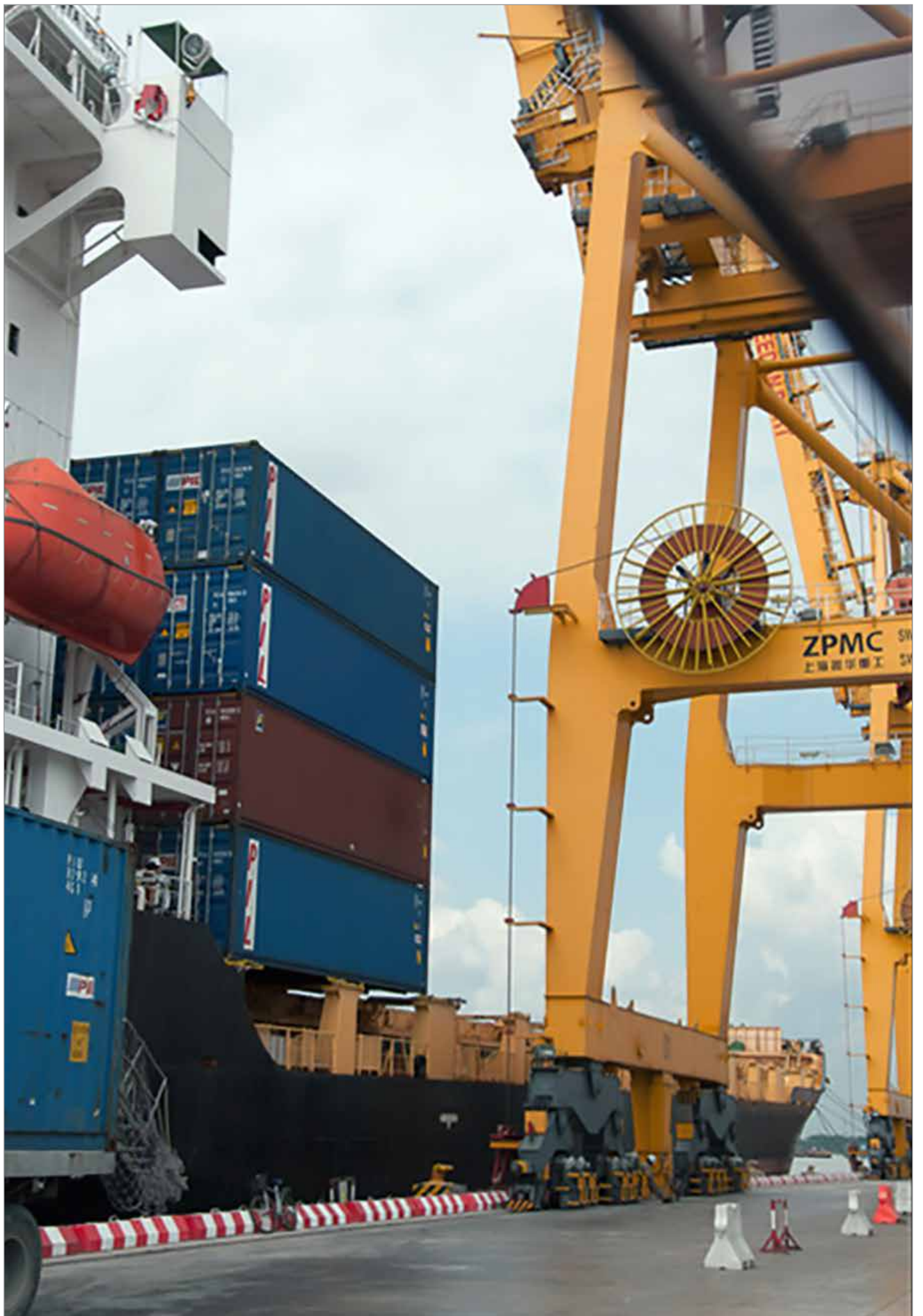
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ACRONYMS

ADB	Asian Development Bank	MoT	Ministry of Transport
ASEAN	Association of Southeast Asian Nations	MoRT	Ministry of Rail Transport
CUSDEC-1	Customs Declaration Form 1	MPA	Myanmar Port Authority
CUSDEC-2	Customs Declaration Form 2	MTDC	Myanmar Trade Development Committee
DCA	Department of Civil Aviation	NACCS	Nippon All Cargo Consolidation System
EDI	Electronic Data Interchange	NES	National Export Strategy
FDI	Foreign Direct Investment	OECD	Organisation for Economic Cooperation and Development
GMS	Greater Mekong Subregion	PoA	Plan of Action
ICT	Information and Communications Technology	PPP	Public–Private Partnership
ITC	International Trade Centre	SATNET	Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and South-East Asia
IWT	Inland Water Transport	SEZ	Special Economic Zone
JICA	Japan International Cooperation Agency	TFL	Trade Facilitation and Logistics
LPI	Logistical Performance Index	TSI	Trade Support Institution
MCBA	Myanmar Customs Brokers Association	UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
MIFFA	Myanmar International Freight Forwarders Association	UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
MMMDA	Myanmar Mercantile Marine Development Association		
MoC	Ministry of Commerce		
MoCon	Ministry of Construction		
MoFR	Ministry of Finance and Revenue		

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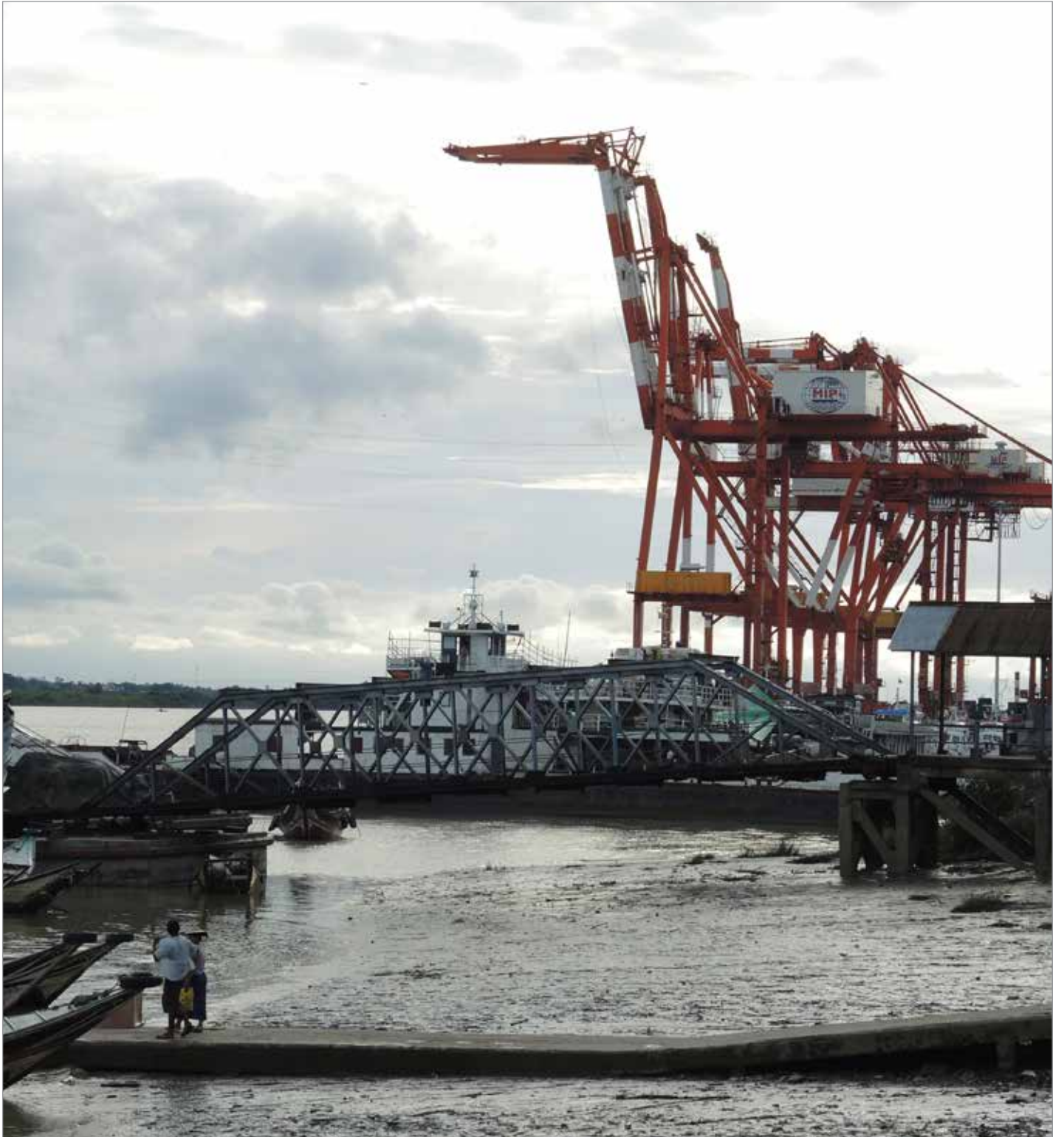
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EXECUTIVE SUMMARY

An efficient trade facilitation and logistics (TFL) cross-sector allows enterprises to engage in international trade in a cost-effective, time-sensitive and reliable manner. Remediating procedural and physical hurdles is a prerequisite for participating in global value chains. The performance of key priority sectors of the National Export Strategy (NES), therefore, will to a large extent depend upon Myanmar's ability to foster a healthier environment for trade.

CURRENT STATE OF TFL

Myanmar's logistics systems are currently underdeveloped, and the country was ranked 133 out of 155 countries in the World Bank's Logistical Performance Index (LPI) in 2012. With the lowest LPI ranking among its South-East Asian peers, Myanmar faces particular difficulties with regards to the quality of transport-related infrastructure, late deliveries and the inability to track and trace consignments. Enterprises can leverage a network of road, rail, air, river and marine transport options, but the quality of such services is sub-par. While recent investment in transportation infrastructure has focused on major highways and railways, both lower level networks as well as linkages between networks are in need of maintenance, development and upgrading.

The logistical infrastructure is characterized by a lack of modern equipment and processes. Bonded warehouses are unavailable and there are no proper inland container depots. Electronic Data Interchange (EDI) and inventory services are absent, and all warehousing and container management processes lack information and communications technology (ICT) capabilities. Moreover, facilities at ports and train stations lack mechanized handling, thereby reducing transport efficiency. The difficult trade environment is further complicated by burdensome customs procedures, outdated regulations and a lack of communication between authorities and private sector stakeholders.

Despite such difficulties, Myanmar has taken a number of steps aimed at enhancing the TFL function. More recently, Myanmar has looked to Special Economic Zones (SEZs) as a means by which to attract foreign direct investment (FDI) and promote competitiveness through various tax and regulatory incentives. While a number of zones are under development, existing ones have thus far been instrumental in allowing Myanmar to develop the basic infrastructure needed to support economic activity, which includes roads, telecom services and power services. Myanmar also continues to look towards corridor development as the model for enhancing both trade and economic cooperation. With a focus on supporting networks of geographically clustered infrastructure and enterprises, Myanmar hopes to better connect stakeholders to both production and demand domestically and within the greater region. Strategically located in the heart of emerging Asia, Myanmar is well-placed to leverage its potential and become a modern hub of economic activity.

COMPETITIVENESS CONSTRAINTS

The following challenges have been identified for the TFL function.

Policy challenges:

- Absence of integrated transport development;
- Limited participation of the private sector;
- Government price subsidies and fixed tariffs;
- Limited support for safety;
- Advance income tax payments.

Institutional challenges:

- Inadequate port facilities;
- Lack of inland container depot capacities;
- Lack of automated scheduling;
- Lack of bonded warehouses;
- Absence of EDI;
- Paper-based and burdensome customs procedures;
- Lack of cold chain management systems;

- Absence of a domestic cargo manifest system;
- Insufficient human resources capacities at freight forwarders and customs brokers;
- Underused rail networks;
- Inadequate road networks;
- Limited inland waterway development;
- Burdensome business procedures.

Enterprise challenges:

- Slow transportation from production sites to destinations;
- High and volatile transportation costs;
- Insufficient access to modern financial tools.

OPTIONS FOR FUTURE DEVELOPMENT

Improvements within the TFL function are a critical prerequisite for unlocking Myanmar's export potential. As a result, the following vision has been developed for the function.



“ A cutting-edge, efficient, integrated and predictable logistics and trade facilitation system for growth, competitiveness and the development of Myanmar. ”

ROADMAP FOR STRATEGY IMPLEMENTATION

The vision and the key features for the function will be achieved through the implementation of the strategy's Plan of Action (PoA), which revolves around the following four strategic objectives, each spelling out specific sets of activities intended to address both challenges and opportunities in the TFL function in Myanmar:

- Improve the quality of facilitation and logistical services by encouraging the development of skills and the adoption of best practices;
- Improve facilitation and logistical capacities by encouraging the development of physical and non-physical infrastructure;
- Amend the regulatory and oversight framework in order to facilitate a more efficient trade environment;
- Ensure that exporters have sufficient knowledge and capacities to meet TFL requirements.

The achievement of these objectives will require continuous and coordinated efforts from all relevant private and public stakeholders as well as support from key financial and technical partners, donors and investors. Several institutions are designated to play a leading role in the implementation of the strategy's PoA and bear the overall responsibility for successful execution of the strategy. They will be assisted by a range of support institutions that are active in the TFL function. Each institution mandated to support the export development of the function is clearly identified in the strategy PoA. Moreover, the Myanmar Trade Development Committee (MTDC) has a coordinating and monitoring role in the implementation of the strategy within the overall framework of the NES. In particular, the MTDC is tasked with coordinating the implementation of activities in order to optimise the allocation of both resources and efforts across the wide spectrum of stakeholders.

INTRODUCTION

The trade facilitation and logistics strategy contained in this document forms an integral part of the National Export Strategy (NES) of Myanmar. An efficient TFL cross-sector allows enterprises to engage in international trade in a cost-effective, time-sensitive and reliable manner. Remediating procedural and physical hurdles is a prerequisite for participating in global value chains. The performance of key priority sectors of the NES, therefore, will to a large extent depend upon Myanmar's ability to foster a healthier environment for trade. Although Myanmar has made much progress in recent years, the cross-sector remains underdeveloped.

This document presents the expectations and strategic objectives of the private and public sectors for the enhancement of TFL in Myanmar. Unless critical issues are addressed in a comprehensive manner, enhanced export competitiveness will remain elusive. This strategy therefore outlines a holistic approach to overcoming challenges through targeted implementations at both the institutional and enterprise levels.

HISTORICAL OVERVIEW

In the late nineteenth and early twentieth centuries, Myanmar was fully participating in global economic development. As one of the fastest-growing and most advanced countries in Asia at the time, Myanmar boasted advanced transport and communications networks, and Yangon was an important regional transport hub.¹ In the 1930s, however, the nation's economy was hurt first by declining rice prices and then by World War II.² The war destroyed much of the country's logistical infrastructure, severely impeding its ability to trade with partners. By mid-century economic deterioration had resulted in a per capita gross domestic product more than one-third less than that of Thailand or the Philippines.³

Finally, the governmental changes of 1962 ushered in authoritarian rule coupled with a planned economy. The ensuing period of economic and political isolation has resulted in Myanmar's current status as one of the world's least developed countries, with the lowest 2010 gross domestic product per capita in South-East Asia.⁴ While the

world underwent one of the most dynamic growth periods in economic history, Myanmar stagnated under the weight of both social and economic isolation.

Some progress was achieved, however, following a degree of economic liberalization that took place in 1988.⁵ Already a founding member of the General Agreement on Tariffs and Trade in 1947, the following years saw Myanmar join the World Trade Organization as well as other regional organizations such as the Association of Southeast Asian Nations (ASEAN), the Greater Mekong Subregion (GMS) and the Bay of Bengal Initiative for Multi-Sectoral Technology and Economic Cooperation.^{6,7}

Despite these efforts, integration continued to be elusive in the late twentieth and early twenty-first centuries. In response to issues such as crackdowns on pro-democracy protests, forced labour, or the reinstatement of military rule, a number of Western countries punished Myanmar with wide-ranging sanctions.⁸ These sanctions succeeded in damaging the business environment and severely limited integration on both the supply and demand sides. While export restrictions reduced potential markets, import restrictions distorted markets while leading to input shortages and weaknesses throughout the supply chain.

Nonetheless, recent political changes in Myanmar have been met with a lifting of most sanctions and an influx of aid and investment.⁹ While many non-tariff regulatory barriers have been removed, the legacy of isolationism has left the country with insufficient infrastructure and logistic capacities. Strategically positioned near China, India and Indonesia in the heart of the world's largest and fastest growing middle class, Myanmar stands to benefit greatly from increased regional and global integration.¹⁰ It must, however, overcome the obstacles of its past in order to establish a solid TFL environment from which its economy can operate effectively.

1. McKinsey Global Institute (2013). *Myanmar's Moment: Unique Opportunities, Major Challenges*, p. 14.

2. *Ibid.* p. 15.

3. *Ibid.* p. 15.

4. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 3.

5. McKinsey Global Institute (2013). *Myanmar's Moment: Unique Opportunities, Major Challenges*, p. 17.

6. Myo, O. (2005). Myanmar's experience on implementation of the trade facilitation measures. Paper presented for Roundtable Meeting on the World Trade Organization Trade Facilitation Negotiations. Geneva, 19–23 September.

7. Anukoonwattaka, W. & Mikic, M. (2012). Myanmar: opening up to its trade and foreign direct investment potential, p. 7. UNESCAP Trade and Investment Division, Staff Working Paper 01/12. Bangkok: UNESCAP.

8. McKinsey Global Institute (2013). *Myanmar's Moment: Unique Opportunities, Major Challenges*, p. 28.

9. *Ibid.* p. 2.

10. *Ibid.* p. 3.

Box 1: Defining TFL in the context of export competitiveness

The World Trade Organization defines trade facilitation as the simplification and harmonization of international trade procedures, where trade procedures are the 'activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade.'^{*} Trade facilitation includes all procedures required for an enterprise to bring its product to (or import from) a foreign market, and includes such topics as logistics and administrative and customs procedures.

The United Nations Centre for Trade Facilitation and Electronic Business and the Organisation for Economic Cooperation and Development (OECD), meanwhile, use a broader definition for trade facilitation, which refers to the 'activities, practices, and formalities required for the movement of goods in international trade.'^{**} This approach considers all commercial, transport, regulatory and financial procedures and is based on the buy-ship-pay model.^{***} The buy-ship-pay model was developed by the United Nations Economic Commission for Europe in order to facilitate business process analyses by providing an overview of the information exchanged throughout the international supply chain.^{****} It describes three main processes: 'Buy' refers to activities such as identifying a potential trading partner, establishing a business contract and placing an order. 'Ship' is the most complex, with five main activities: (i) preparing for export, (ii) export, (iii) transport, (iv) preparing for import, and (v) import itself. 'Pay' represents the payment activity from buyer to seller.'^{*****} By taking a holistic view of international transactions, the model provides a framework in which stakeholders can optimize business processes and regulatory frameworks.

Trade facilitation procedures play an essential role in promoting and enabling international transactions. Efficient trade facilitation policies can contribute to lowering costs, diminishing both real and perceived risks of doing business and reducing the time it takes for products to reach their final destination, all of which can enhance a country's competitiveness.

It can also help facilitate a healthy sourcing market by allowing enterprises to import raw materials at lower prices. Such inputs can eventually allow firms to offer more competitive products and/or increase profit margins.

* World Trade Organization (n.d.). Trade Facilitation. Available from:

http://gtad.wto.org/trta_subcategory.aspx?cat=33121. Accessed 29 May 2013.

** ADB (2009). Designing and Implementing Trade Facilitation in Asia and the Pacific, p. 5. Manila: ADB.

*** Ibid.

**** United Nations Economic Commission for Europe (2012). Trade facilitation implementation guide: the buy-ship-pay model. Available from <http://tfig.unece.org/contents/buy-ship-pay-model.htm>.

***** ADB (2009). Designing and Implementing Trade Facilitation in Asia and the Pacific, p. 5. Manila: ADB.

Figure 1: Buy-ship-pay model



Source: ADB (2009). Designing and Implementing Trade Facilitation in Asia and the Pacific. Manila: ADB. P. 4.

WHERE WE ARE NOW

REGIONAL CONTEXT

A densely populated region, South-East Asia straddles some of the world's most quickly developing economies. It is only in the last 20 years, however, that it has emerged from a period of relative isolation characterized by closed borders and dilapidated transport infrastructure.¹¹ As a result, the region has a significant gap in trade facilitation performance when compared with developed economies. On average, exporting and importing goods out of and into South-East Asian countries takes 88% and 70% more time respectively than for Group of 7 countries.¹²

11. Stone, S. & Strutt, A. (2009). Transport infrastructure and trade facilitation in the Greater Mekong Subregion. ADBI Working Paper No. 130, p. 1. Tokyo: Asian Development Bank Institute. Available from www.adbi.org/files/2009.01.20.wp130.transport.infrastructure.trade.facilitation.mekong.pdf.

12. ADB (2009). *Designing and Implementing Trade Facilitation in Asia and the Pacific*, p. 17. Manila: ADB.

Nonetheless, table 1 highlights the significant advancements that have been made over recent years. While performance gaps continue to exist, the countries of South-East Asia have reduced time to export and import by 32% and 39% respectively since 2006.

As illustrated in figure 2, it is interesting to note that South-East Asia's time and cost of exporting and importing is the lowest of all Asian regions. Moreover, the cost is even slightly less than that of the same transactions in Group of 7 countries.

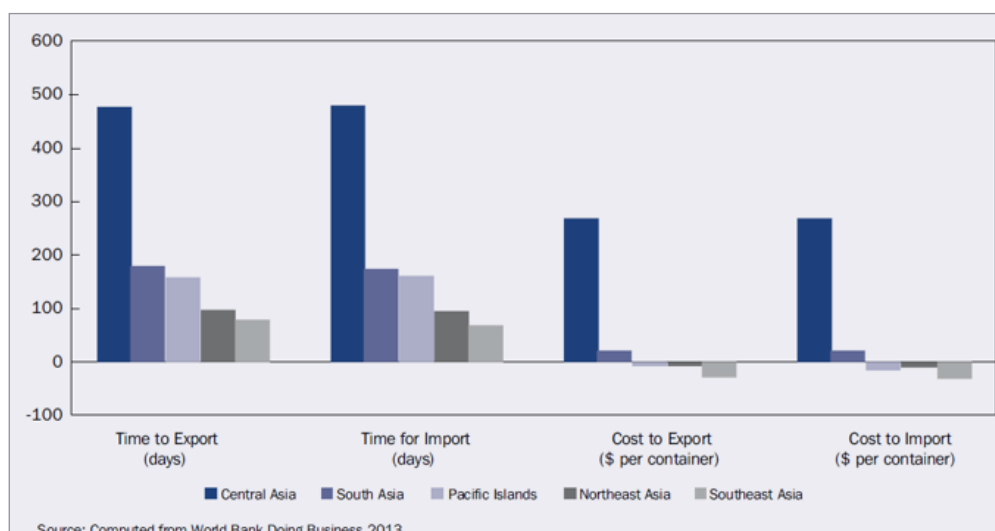
The complicated nature of import/export procedures for select ASEAN countries is highlighted in table 2, which illustrates that these economies require up to twice as much documentation as OECD nations for the same transactions.

Table 1: Time and cost to export and import

	Time to Export (Days)				Time to Import (Days)				Cost to Export (\$)				Cost to Import (\$)			
	2006	2009	2012	2013	2006	2009	2012	2013	2006	2009	2012	2013	2006	2009	2012	2013
Southeast Asia Ave.	25	20	18	17	28	20	18	17	695	745	742	766	795	821	815	811
Northeast Asia Ave.	19	19	18	18	20	20	19	19	830	948	935	1,006	983	994	985	1,061
Central Asia Ave.	64	59	53	54	67	60	54	57	2,578	2,864	3,067	4,003	2,784	3,116	3,386	4,378
South Asia Ave.	31	27	26	26	37	27	27	27	1,051	1,071	1,311	1,326	1,182	1,263	1,442	1,437
Pacific Islands Ave.	24	24	24	24	27	27	26	26	982	942	980	990	1,048	971	1,017	1,007
G7 Ave.	11	10	9	9	11	10	10	10	1,018	1,096	1,098	1,089	1,134	1,243	1,203	1,189

Source: ADB (2009). *Designing and Implementing Trade Facilitation in Asia and the Pacific*, 2013 Update, p.17. Manila: ADB.

Figure 2: Asia and the Pacific trade facilitation performance gap (extra time and cost as a percentage of Group of 7 average time and cost)



Source: ADB (2009). Designing and Implementing Trade Facilitation in Asia and the Pacific, 2013 Update, p.21. Manila: ADB.

Table 2: Import/export procedures for select South-East Asian economies (2008)

Economy	Number of Documents for Export	Time for Export (Days)	Cost to Export (USD per Container)	Number of Documents for Import	Time for Import (Days)	Cost to Import (USD per Container)
Cambodia	11	37	722	11	46	852
Lao PDR	9	50	1750	10	50	1930
Thailand	7	17	615	9	14	786
Vietnam	6	24	669	8	23	881
Average OECD	5	10	905	5	10	986

Source: ADB (2009). Designing and Implementing Trade Facilitation in Asia and the Pacific, p.6. Manila: ADB.

Table 3: Time to import/export for select South-East Asian economies (in days)

	Cambodia	Lao PDR	Thailand	Vietnam	High Income OECD
Exports					
Documents Preparation	29	33	9	12	--
Customs Clearance	3	3	1	5	1.9
Ports	3	4	4	3	1.1
Inland Transportation	2	10	3	4	2.1
Total	37	50	17	24	--
Total w/o Document Preparation	8	17	8	12	5.1
Imports					
Documents Preparation	34	33	8	12	--
Customs Clearance	3	8	2	5	1.4
Ports	5	2	2	4	2.5
Inland Transportation	4	7	2	2	1.6
Total	46	50	14	23	--
Total w/o Document Preparation	12	17	6	11	5.5

Source: ADB (2009). Designing and Implementing Trade Facilitation in Asia and the Pacific. Manila: ADB.

The procedure that requires the greatest amount of time is document preparation, which suffers from a lack of ICT capacities and poor coordination among authorities.¹³ In comparison to high-income OECD countries, inland transport, customs clearance and port handling in South-East Asian nations also add excessive time to import/export transactions.

In order to address persistent problems of trade within the region, the countries of South-East Asia formed the GMS in 1992.¹⁴ Today the GMS encompasses six countries (including Myanmar), 2.6 million km² and roughly 326 million people.¹⁵ While working to enhance economic relations through subregional cooperation, the GMS has embarked on a number of transport and trade facilitation programmes that have greatly improved travel times, reduced costs and eased cross-border movement.¹⁶

13. ADB (2009). *Designing and Implementing Trade Facilitation in Asia and the Pacific*, p. 6. Manila: ADB.

14. Stone, S. & Strutt, A. (2009). Transport infrastructure and trade facilitation in the Greater Mekong Subregion. ADBI Working Paper No. 130, p. 1. Tokyo: Asian Development Bank Institute. Available from www.adbi.org/files/2009.01.20.wp130.transport.infrastructure.trade.facilitation.mekong.pdf.

15. ADB (2013). Greater Mekong subregion. Available from www.adb.org/countries/gms/main.

16. Stone, S. & Strutt, A. (2009). Transport infrastructure and trade facilitation in the Greater Mekong Subregion. ADBI Working Paper No. 130, pp. 1–2. Tokyo: Asian Development Bank Institute. Available from www.adbi.org/files/2009.01.20.wp130.transport.infrastructure.trade.facilitation.mekong.pdf.

As of 2008, with the formation of the Economic Corridors Forum, the GMS has shifted its focus towards developing economic corridors as a means of facilitating trade, stimulating development and attracting investment. As defined by the Asian Development Bank (ADB):

Economic corridors connect economic agents along a defined geography. They provide connection[s] between economic nodes or hubs, usually centred on urban landscapes, in which large amount[s] of economic resources and actors are concentrated. They link the supply and demand sides of markets.¹⁷

By taking a geographic approach to development, these corridors allow for benefits to be distributed among a large swathe of stakeholders within a region. The member countries participate in the forum in order to focus on areas of collaboration leading to corridor development.

The GMS is comprised of three principal economic corridors: the North-South Economic Corridor, the East-West Economic Corridor, and the Southern Economic Corridor.¹⁸ The main sub-corridors and their routes are outlined in table 4.

17. Brunner, H.-P. (2013). What is economic corridor development and what can it achieve in Asia's subregions? p. 1. ADB Regional Economic Integration Working Paper No. 117. Manila: ADB.

18. ADB (2014). Greater Mekong subregion – Multisector development of economic corridors. Available from: <http://www.adb.org/countries/gms/sector-activities/multisector>.

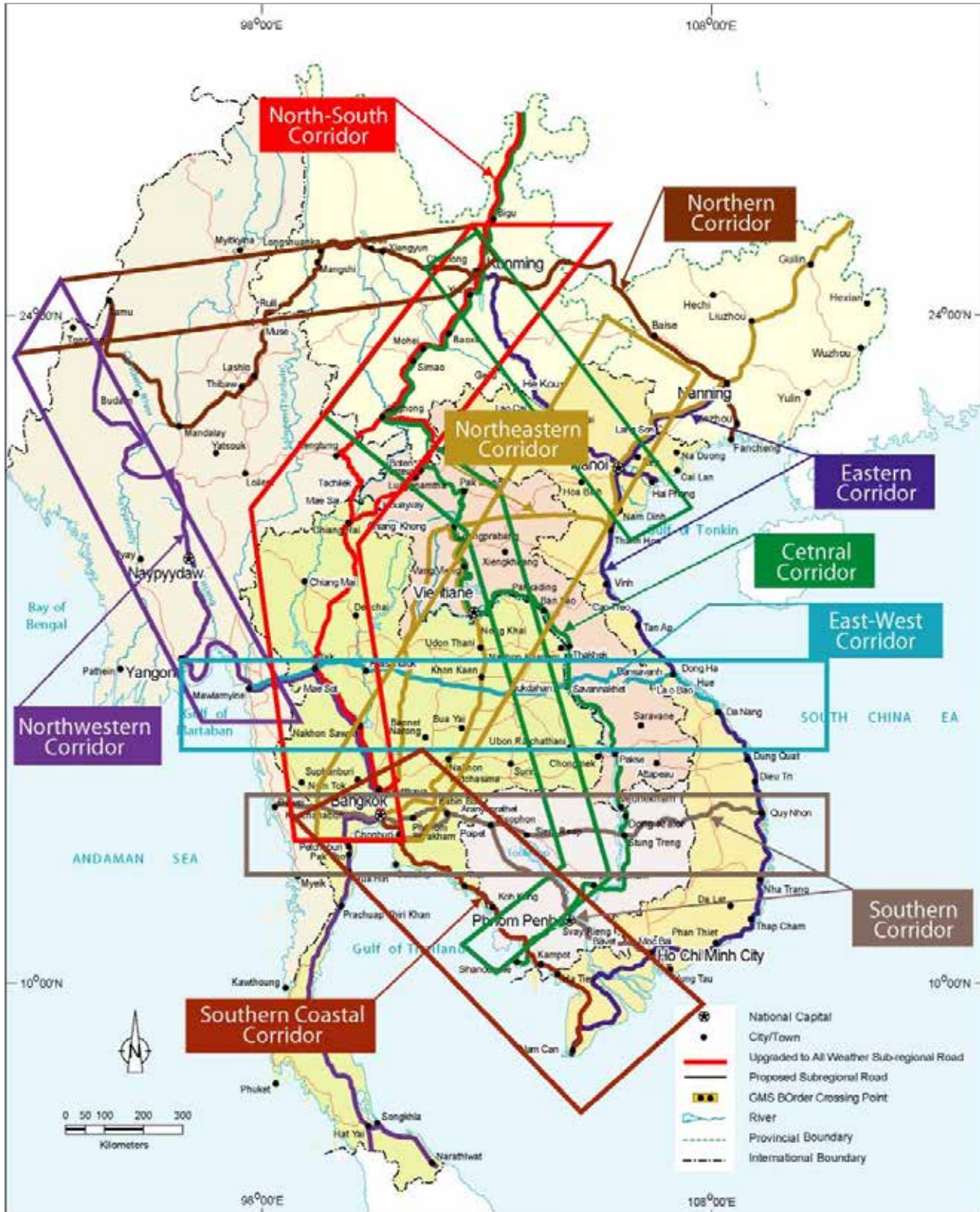
Table 4: GMS economic corridor routes

Economic corridor	Sub-corridor	Route
North–South Economic Corridor	Western sub-corridor	Kunming (China) – Chiang Rai (Thailand) – Bangkok (Thailand) via the Lao People's Democratic Republic Myanmar
North–South Economic Corridor	Central sub-corridor	Kunming (China) – Ha Noi (Viet Nam) – Hai Phong (Viet Nam)
North–South Economic Corridor	Eastern sub-corridor	Nanning (China) – Ha Noi (Viet Nam) via the Youyi Pass or Fangchenggang (China) – Dongxing (China) – Mong Cai (Viet Nam) route
East–West Economic Corridor	-----	Da Nang Port (Viet Nam), through the Lao People's Democratic Republic and Thailand, to Mawlamyine Port in Myanmar
Southern Economic Corridor	Central sub-corridor	Bangkok (Thailand) – Phnom Penh (Cambodia) – Ho Chi Minh City (Viet Nam) – Vung Tau (Viet Nam)
Southern Economic Corridor	Northern sub-corridor	Bangkok (Thailand) – Siem Reap (Cambodia) – Stung Treng (Cambodia) – Ratanakiri (Cambodia) – Yadov – Pleiku (Cambodia) – Quy Nhon (Viet Nam)
Southern Economic Corridor	Southern Coastal sub-corridor	Bangkok (Thailand) – Trat (Thailand) – Koh Kong (Cambodia) – Kampot (Cambodia) – Ha Tien (Viet Nam) – Ca Mau City (Viet Nam) – Nam Can (Viet Nam)
Southern Economic Corridor	Inter-corridor link	Sihanoukville (Cambodia) – Phnom Penh (Cambodia) – Kratie (Cambodia) – Stung Treng (Cambodia) – Dong Kralor (Tra Pang Kriel) (Cambodia) – Pakse (Lao People's Democratic Republic) – Savannakhet (Lao People's Democratic Republic); links the three Southern Economic Corridor sub-corridors with the East–West Economic Corridor

Source: ADB (2014). Greater Mekong subregion – Multisector: development of economic corridors. Available from <http://www.adb.org/countries/gms/sector-activities/multisector>.

The key economic corridors comprising the GMS are highlighted in figure 3.

Figure 3: GMS economic corridors



Source: Stone, S. & Strutt, A. (2009). Transport infrastructure and trade facilitation in the Greater Mekong Subregion. ADBI Working Paper No. 130, p. 10. Tokyo: Asian Development Bank Institute. Available from www.adbi.org/files/2009.01.20.wp130.transport.infrastructure.trade.facilitation.mekong.pdf.

A study on the effectiveness of corridor development (Banomyong, 2007) showed that shipping cost, time and reliability were all greatly improved during the upgrading of the North–South Economic Corridor.¹⁹ Regional trade

19. Stone, S. & Strutt, A. (2009). Transport infrastructure and trade facilitation in the Greater Mekong Subregion. ADDB Working Paper No. 130, p. 10. Tokyo: Asian Development Bank Institute. Available from www.adbi.org/files/2009.01.20.wp130.transport.infrastructure.trade.facilitation.mekong.pdf.

facilitation is especially important for Myanmar because it is the GMS country most dependent on intra-regional trade, with over 35% of its imports and exports being sourced within the region.²⁰ With respect to its neighbours, it has therefore suffered disproportionately from the inadequate regional trade facilitation framework.

20. *Ibid.* p. 3.

Table 5: Impact of economic corridor development after North-South Corridor upgrading

North-South Corridor (Bangkok to Kunming)	USD per Ton	Transit Time (Hours)	Perception of Reliability (5 pt scale)
R3W (via Myanmar)			
-2000	639	77	2.2
-2006	470	46	3
R3E (via Lao PDR)			
-2000	563	78	2.6
-2006	392	51	3.3
Via Mekong			
-2000	406	128	2.7
-2006	271	88	3.4
Hai phong-Kunming			
-2000	105	85	2.5
-2006	87	58	2.7

Source: Stone, S. & Strutt, A. (2009). Transport infrastructure and trade facilitation in the Greater Mekong Subregion. ADDB Working Paper No. 130, p. 10. Tokyo: Asian Development Bank Institute. Available from www.adbi.org/files/2009.01.20.wp130.transport.infrastructure.trade.facilitation.mekong.pdf.

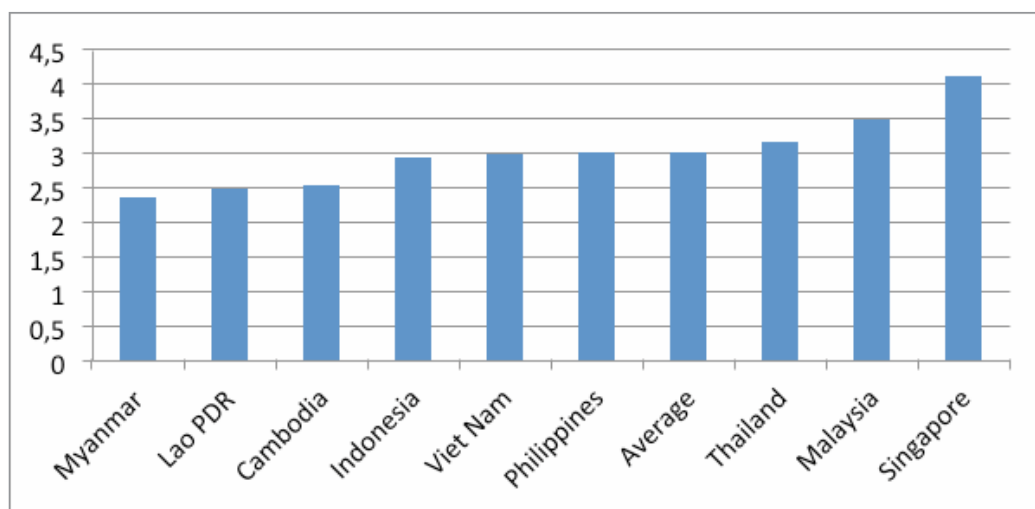
The legacy of closed economic systems has left South-East Asia with gaps in trade facilitation performance, especially with regards to the ease with which enterprises can trade goods across borders. Nevertheless, the region has made much progress in recent years, having significantly reduced time to import and export. Additionally, the costs associated with trading across borders are lower in the region than in Group of 7 countries. Combined with the continued efforts to enhance regional integration through the development of the economic corridors, the region is making great strides towards creating a more attractive trade environment. Due to Myanmar's heavy reliance upon intra-regional trade, it is of the utmost importance that its policymakers collaborate with neighbouring countries in the GMS to ensure continued progress.

CURRENT STATE OF TFL

As seen in figure 4, Myanmar's logistics systems are currently underdeveloped, and the country was ranked 133 out of 155 countries in the World Bank's LPI in 2012. Myanmar's score of 2.37 out of 5 is the lowest of all ASEAN nations.²¹

21. Simple average of ASEAN nation scores excluding Brunei Darussalam, which had no ranking for 2012.

Figure 4: LPI of ASEAN nations 2012

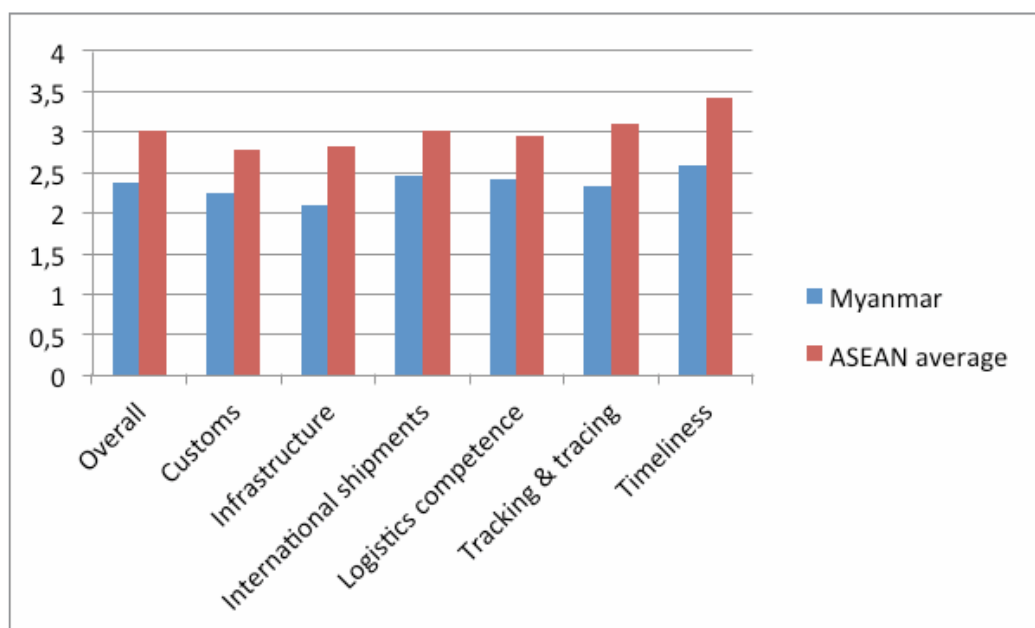


Source: World Bank Data Bank (2012). Available from <http://databank.worldbank.org/data/home.aspx>. ASEAN Nations excluding Brunei Darussalam, which had no ranking for 2012.

As illustrated in figure 5, all of the sub-indices fall between a score of 2 and 3. Of particular note is the quality of trade and transport-related infrastructure, which is the lowest scoring sub-index at 2.1. These low scores highlight key areas in which significant improvements are required in

order to strengthen Myanmar's trade environment. With respect to regional neighbours, the 'frequency with which shipments reach consignee within scheduled or expected time' and the 'Ability to track and trace consignments' categories score the lowest.

Figure 5: LPI and LPI subindicators 2012; Myanmar and ASEAN average



Source: World Bank Data Bank (2012). Available from <http://databank.worldbank.org/data/home.aspx>. ASEAN Nations excluding Brunei Darussalam, which had no ranking for 2012.

Having signed the ASEAN Trade in Goods Agreement, Myanmar has agreed to a number of provisions which, if enacted, will greatly improve trade facilitation with regional neighbours.²² Provisions include:

- The reduction of unnecessary fees and charges;
- The obligation to publish laws and regulations affecting trade online;
- Consultations when formulating new rules;
- Implementation of the General Agreement on Tariffs and Trade article VII;
- Use of international standards;
- Facilitated customs clearance (automation and use of ICT);
- Use of risk management practices;
- Advance rulings;
- Review and appeals;
- Temporary admissions;
- Post-clearance audits;
- Authorized economic operators; and
- The use of a national trade facilitation committee.

With regards to paperless trade and cooperation, the agreement calls for automation, a regional single window, customs cooperation, trade facilitation and capacity-building cooperation and differential treatment for less developed members. The ASEAN-Australia-New Zealand Free Trade Agreement, to which Myanmar is also a signatory, calls for other provisions such as domestic legislation regarding electronic authentication, and the acceptance of electronic versions of trade documents.

TRANSPORT

Efficient transportation infrastructure is at the heart of a robust trade environment. Accordingly, a main concern surrounding trade facilitation in Myanmar is the country's inadequate transport system, which impedes the movement of both goods and people, thereby limiting economic activity. While recent investment has focused on major highways and railways, both lower level networks and linkages between networks are in need of maintenance, development and upgrading.²³

22. Duval, Y. (2011). Trade facilitation in regional trade agreements: recent trends in Asia and the Pacific, pp. 5–8. UNESCAP Trade and Investment Division, Staff Working Paper 02/11. Bangkok: UNESCAP.
23. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 23.

ROAD

Transportation in Myanmar is dominated by 130,000 km of road networks.²⁴ Road density is low at 40 km per 1,000 km², compared with 480 in Vietnam, 350 in Thailand, 200 in Cambodia, and 60 in the Lao People's Democratic Republic. Only 20% of roads are paved to all-weather standards (46% of the 38,000 km of core roadways and 13% of the non-core roadways). Moreover, secondary and local roads tend to be in poor condition. In addition to low road density, Myanmar's vehicle density of 18 vehicles per 1,000 people is also significantly lower than in neighbouring countries (370 in Thailand and 250 in Indonesia). Furthermore, trade routes from main cities to border trade stations have deteriorated. The Tamu-Kalewa-Kalemyo-Mizoram road to India, for example, cannot be used at certain times of the year due to adverse weather.²⁵ Poor road infrastructure also makes it costly and time-consuming to transfer goods from rural communities to transport hubs and warehouses in major cities.

Nonetheless, Myanmar does enjoy a strategic position along regional transport routes. Roughly 5,000 km of international highways pass through Myanmar, while other links, including a 427 km segment in the north connecting China and India, serve as important trade routes with neighbours.²⁶

There are 546 trucking companies currently operating in Myanmar.²⁷ All of these entities are small and medium-sized businesses and none of them provide nationwide services, instead operating locally.²⁸ This lack of nationwide trucking fleets results in transportation that is often unpunctual and difficult to track. The country's vehicle fleet is comprised mainly of second-hand 12-wheel trucks from Japan that operate at roughly 28 tons of gross weight. These vehicles are slowly being replaced, however, by 22-wheel trucks from China operating at 50 tons of gross weight. The greatest expense for operators is diesel fuel, which accounts for up to 80% of total costs.²⁹ Although driver fees tend to be low they are increasing for operators of the new 22-wheel trucks due to surging demand and the lack of professional certified heavy-truck drivers.³⁰

24. *Ibid.* p. 24.

25. Thura Swiss (August 2013). *Myanmar's Beans and Pulses Trade: Risks and Prospects*, p. 8.

26. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 29.

27. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, pp. 117–118. OECD Development Pathways, OECD Publishing.

28. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report, pp. 7–8.

29. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 118. OECD Development Pathways, OECD Publishing.

30. ITC (2013). *Myanmar Trade Facilitation & Logistics Sector Profile*. Internal ITC NES background report, p. 8.

RAIL

The government expanded the railways by 1,500 km to 3,500 km between 1988 and 2010, mainly in order to reach remote regions and facilitate connectivity across all parts of the country.³¹ The high cost of these new lines, however, in conjunction with low traffic volumes, has drained resources so that there are limited funds for maintaining and upgrading a deteriorating core network. There are currently 150 container cars, some of which are out of order, and seven local, independent rail operators.³² The busiest routes are those from Yangon to Mandalay and between Yangon to Yunnan province in China, and the maximum speed of the network is 75 km per hour between Yangon and Mandalay.³³

Despite a large increase in country-wide freight traffic (rail and non-rail) from 1993 to 2011, freight volumes on railways remained static at roughly 3 million tons.³⁴ Moreover, the rail networks are plagued by slow travel times and frequent delays.³⁵ There are also certain restrictions in place, such as a ban on cargo traffic in morning hours, which contribute to the system's inefficiency.³⁶ Additionally, a lack of modernized facilities at stations results in the manual loading and unloading of cargo, increasing transaction times and the risk of cargo damage.

INLAND WATER

In addition to road and rail, Myanmar has 5,000 kilometres of navigable waterways, of which 2,400 km comprise the primary inland network.³⁷ The state-owned Inland Water Transport (IWT) operates 225 powered vessels, 148 non-powered vessels, and 39 station pontoons.³⁸ With a capacity of 70,000 tons, its tariffs are set below cost by the government. Although most of its ships are old, IWT carries roughly 28 million passengers and 5 million tons of freight shipments per year (2011).³⁹ Although IWT offers the majority of river transport options, some small-scale private operators also offer inland water transport servic-

31. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

32. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report, p. 8.

33. *Ibid.*

34. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

35. Republic of the Union of Myanmar Ministry of Hotels and Tourism (2013). *Myanmar: Tourism Master Plan 2013–2020, Final Draft Report*.

36. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report, p. 8.

37. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

38. Republic of the Union of Myanmar Ministry of Transport (2013). Services: functions of IWT. Available from www.mot.gov.mm/iwt/services.html.

39. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

es. While some ports are equipped with cargo handling facilities for bulk commodities such as cement, petroleum and fertilizer, most river ports are little more than beaches with gangplanks. Compared with road and rail transport, this network provides the least expensive freight option, although facilities are inefficient and seasonal. It should be noted that the quality and availability of safety and navigation aids need improving.

PORTS

The port system, meanwhile, is governed by the Myanmar Port Authority (MPA). The system is comprised of one port in Yangon, four on the west coast and four on the south-east coast, and traffic is comprised largely of shipments between Yangon and the coastal ports. According to the Ministry of Transport (MoT), roughly 90% of the country's imports and exports are handled by the port in Yangon, which does boast some modern equipment including mobile and tower cranes, container cranes, portal cranes, gantry cranes, reach stackers, container forklifts, towing and container tractors.⁴⁰ Vessels of up to 167 metres in length can access this port, although even larger ships may use the Thilawa terminal slightly downstream. Facilities at other ports, however, are pontoon-based and lacking in mechanized handling.

The port at Yangon has a container capacity of 400,000 twenty-foot containers per year and is operating at roughly 70% of capacity.⁴¹ Volumes doubled over the last eight years, reaching 20.4 million tons of cargo in 2011/2012. Of the 23 international wharves in Yangon, 70% are owned and operated by private companies. As no bonded warehousing services are available, shipments must be inspected at the ports.⁴² Export cargo must therefore be consolidated in private warehouses and sent to the container yard for customs inspections. The lack of appropriate port facilities at Yangon means that loading and unloading is time-consuming and inefficient.

Fourteen shipping lines and 21 vessels are currently operating to and from Yangon.⁴³ The ten most important shipping companies are Advance Container Line (20% market share), China Shipping Line (12%), Ever Green Line (11%), Orient Overseas Container Line (10%), Samudra (8%), Regional Container Lines (6%), and MCC Transport (6%), IAL (5%), MOL (5%), and Hanjin (5%). All vessels are foreign and there has thus far been little room for domestic participation in international container transport.

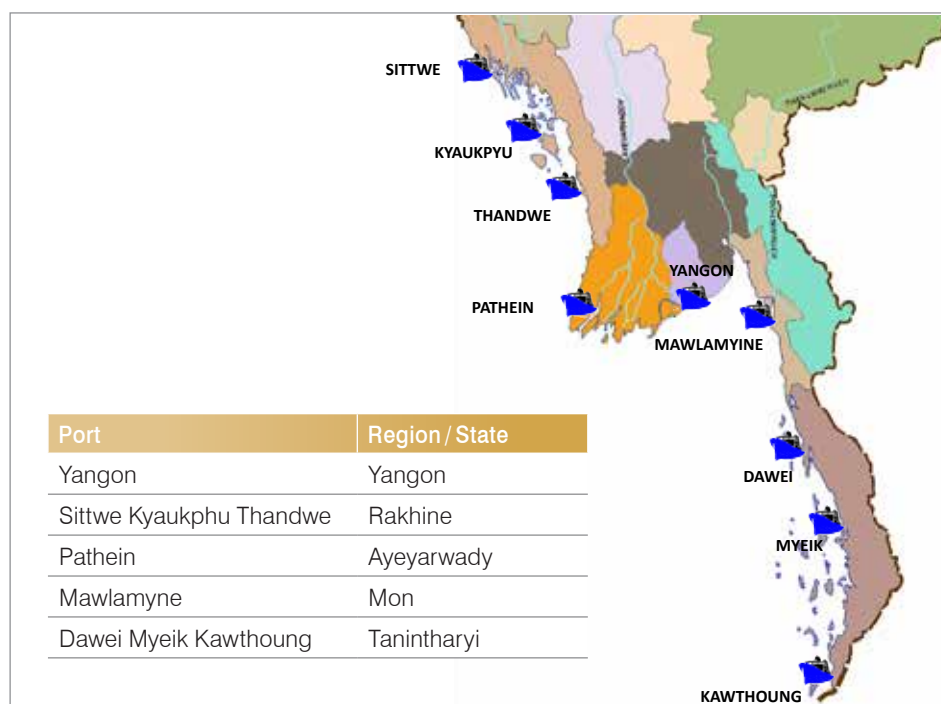
40. Republic of the Union of Myanmar Ministry of Transport (2013). Services: our services. Available from www.mot.gov.mm/mpa/our_services.html.

41. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report, p. 4.

42. *Ibid.* p. 6.

43. *Ibid.* p. 7.

Figure 6: Myanmar ports



Source: Republic of the Union of Myanmar Ministry of Transport (2013). Services: our services. Available from www.mot.gov.mm/mpa/our_services.html.

Myanmar's port system is expected to benefit from two development initiatives. The Chinese-funded Kyauk Phyu SEZ will include a new deep sea port and will serve as a transport hub for trade with India, Bangladesh and the Middle East.⁴⁴ The Dawei SEZ, meanwhile, will establish a deep sea port in southern Myanmar.⁴⁵ These two projects and their expected impacts on TFL in Myanmar are detailed further in the section on cross-sector development initiatives.

AVIATION

Myanmar's aviation network is built around 41 airports⁴⁶ (only 30 regularly receive commercial flights), of which three are international.⁴⁷ Most international traffic (94%) is routed through Yangon International Airport, although efforts are under way to reduce congestion by promoting the Nay Pyi Taw and Mandalay airports. Seven national

airlines operate over 32,000 domestic departures annually, while 23 foreign carriers are responsible for 80% of international capacity.⁴⁸

At the moment, Yangon International Airport is the only one with cargo handling facilities. In July 2013, it handled 1,119,657 kg (1,120 tons) of cargo.⁴⁹ Mandalay airport is undergoing extensions that will enable it to handle import and export cargo by 2015. It should be noted as well that licensed courier services DHL and EMS also handle 800 kg and 500 kg of freight per day respectively, operating from Yangon International Airport.⁵⁰

CROSS-BORDER TRADE

Cross-border trade is currently operating through 15 stations on the Chinese, Thai, Bangladeshi and Indian borders.⁵¹ The largest of these are the Mu Se border trade point on the Chinese border and the Myawady border trade point on the Thai border. Descriptions of key cross-border trade points are presented in table 6.

44. Kyauk Phyu Special Economic Zone (n.d.). Website. Available from <http://kpsez.org>.

45. Yen Snaing (2013). NGO raises concerns with Japan over Dawei SEZ involvement. *The Irrawaddy*, December 12. Available from www.irrawaddy.org/business/ngo-raises-concerns-japan-dawei-sez-involvement.html.

46. There are 41 airfields with ICAO/IATA codes, but more than 70 in total.

47. Republic of the Union of Myanmar Ministry of Hotels and Tourism (2013). *Myanmar: Tourism Master Plan 2013–2020, Final Draft Report*.

48. *Ibid.*

49. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report, p. 3.

50. *Ibid.*

51. *Ibid.* pp. 10–11.

Table 6: Key cross-border trade points

Location	Country	Characteristics
Mu Se	China	At 450 kilometres from Mandalay, the route involves curves, mountain paths, and steep inclines and declines. A border trade zone was established in 2006, and one-stop border trade service is available. The truck route from Yangon to Mu Se is congested and in poor condition: travel time from Yangon to Mandalay (750km) is 40 hours, while time from Mandalay to Mu Se (450km) is 32 hours.
Tamu	India	At 400 kilometres from Mandalay, this is the only westbound route to India and Bangladesh. The route is mountainous and often unpaved. As no trucks are allowed, cargo is loaded onto seats or vehicle roofs. The transit from Mandalay takes 20 hours, although ongoing construction is expected to reduce this by four to five hours.
Myawady	Thailand	A total of 460 kilometres from Yangon, this is the closest border to Bangkok and is the busiest trade point between Myanmar and Thailand. The road is mountainous and in poor condition. Prior approval for travel is required for safety purposes.
Tachileik	Thailand	Due to its distance from major trade markets, little cargo is currently passing through this route. It is, however, a shortcut linking China with Thailand.

Source: ITC (2013). NES Report: Study on Development of the Trade Facilitation, Logistics, and Infrastructure, pp. 10-11.

CUSTOMS PROCEDURES

The Ministry of Commerce (MoC) oversees trade procedures and is comprised of the Office of the Minister, the Directorate of Trade, the Department of the Commerce and Consumer Affairs, and the Department of Trade Promotion. Entities wishing to import to or export from Myanmar must first register with the government, at which point they will have the right to export, import, conduct border trade business, distribute locally, apply for a business passport and receive foreign guests for business purposes.⁵²

Before continuing with customs procedures, enterprises must first obtain an import or export licence. This requires the submission of a sales contract, data related to the country of origin, pro forma invoice, samples, and any relevant certifications. It generally takes about seven working days to obtain the licence, after which it remains valid for three months. It is possible to extend the licence by one month a maximum of two times. Depending on the type of product, the application must be made to the authorities in either Yangon or Nay Pyi Taw. Other relevant certifications must be applied for at the relevant government departments. Once the licence has been obtained, an enterprise can continue with export or import clearance.

Six steps are involved in export clearance from Myanmar.⁵³ The first step is the preparation of documents. The Customs Declaration Form 2 (CUSDEC-2) must be filled

out by either the exporter or an agent and accompanied by the following documentation: export licence or permit, sales contract, invoice, packing list, bank document, shipping instructions or booking note, and other documents as required. These documents are then to be submitted to the Central Registry upon payment of port fees. The documentation is sent by the Central Registry to the Export Section, which will verify the completeness of the documents and their declaration.

The fourth step is handled by the Export Appraising Unit, whose role it is to ensure the consistency of the shipment with the Export of Control Order issued by MoC and other relevant regulations. If the shipment is compliant, a valuation will be performed based on the Free on Board price declared on the export licence.

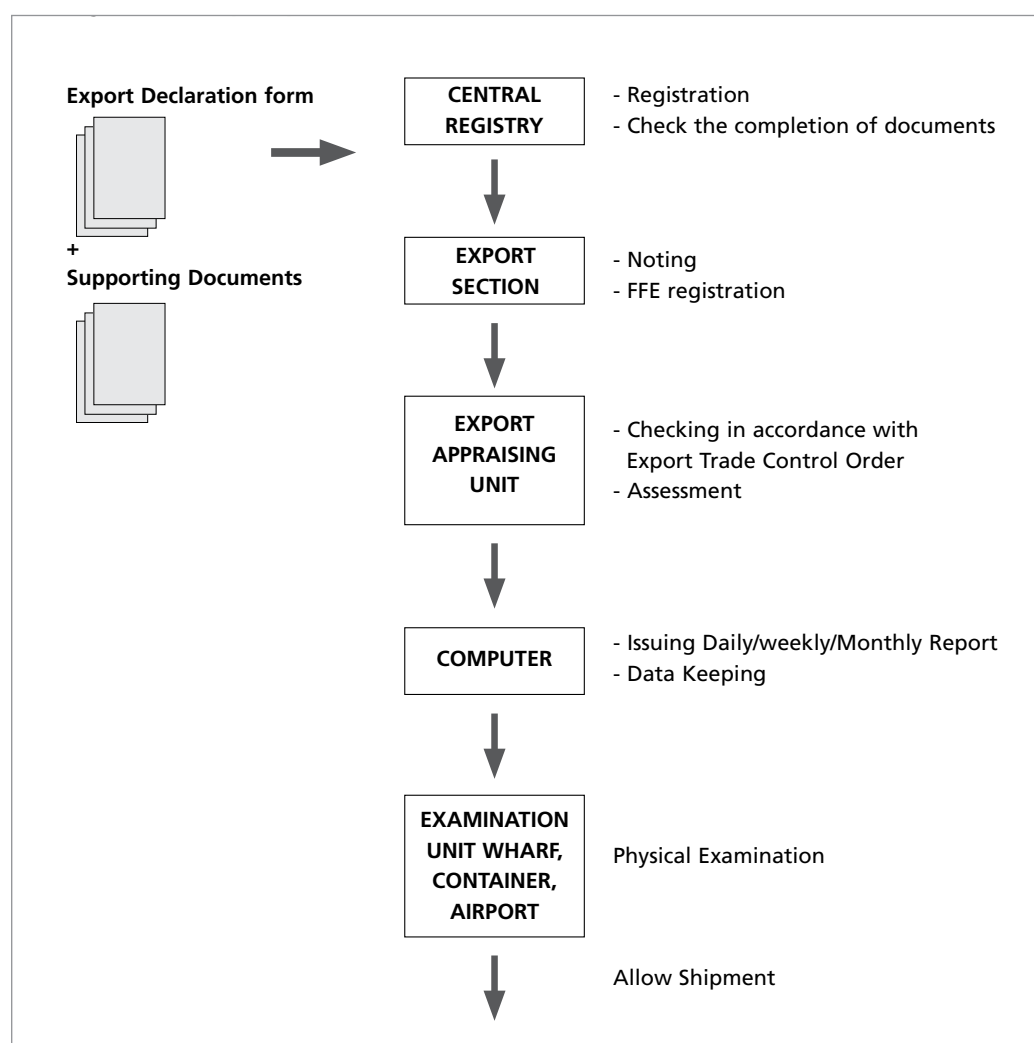
The declaration is then returned to the Export Section, who will assign it a Free Foreign Exchange Number. Finally, the Export Declaration form is passed to the Export Examination Unit, which will perform an examination of the goods and verify the documents and samples. Finally, if all is in order, the packages are then sealed and shipment may proceed.

The procedures for exporting are quite inefficient and they take an inordinate amount of documents and time when compared with the requirements of other countries. Table 7 provides a comparison with both regional and OECD countries.

52. Embassy of the Republic of Myanmar, Singapore (2013). Myanmar export/import rules and regulations. Available from www.myanmarembassy.sg/commercial/myanmar-trade-rules/.

53. FAO (2009). *An Analysis of the Myanmar Edible Oil Crops Sub-Sector*.

Figure 7: Myanmar export procedures



Source: FAO (2009). An Analysis of the Myanmar Edible Oil Crops Sub-Sector.

Table 7: Exporting from Myanmar

Indicator	Myanmar	East Asia & the Pacific	OECD
Documents to export (number)	9	6	4
Time to export (days)	25	21	11
Cost to export (US\$ per container)	670	856	1070

Source: World Bank (2013). Doing Business 2014.

Import procedures are similar, and begin with the completion of the Customs Declaration Form 1 (CUSDEC-1) by the importer or an agent and the preparation of the following accompanying documents: original seller's invoice with bank stamp or foreign exchange exemption certificate, bill of lading, import permit or licence from the

MoC, packing list, sales contract and other relevant documents as required by regulation.⁵⁴ These documents are submitted to the Central Registry, whose functionaries will verify the completeness and accuracy of the declarations.

54. FAO (2009). An Analysis of the Myanmar Edible Oil Crops Sub-Sector.

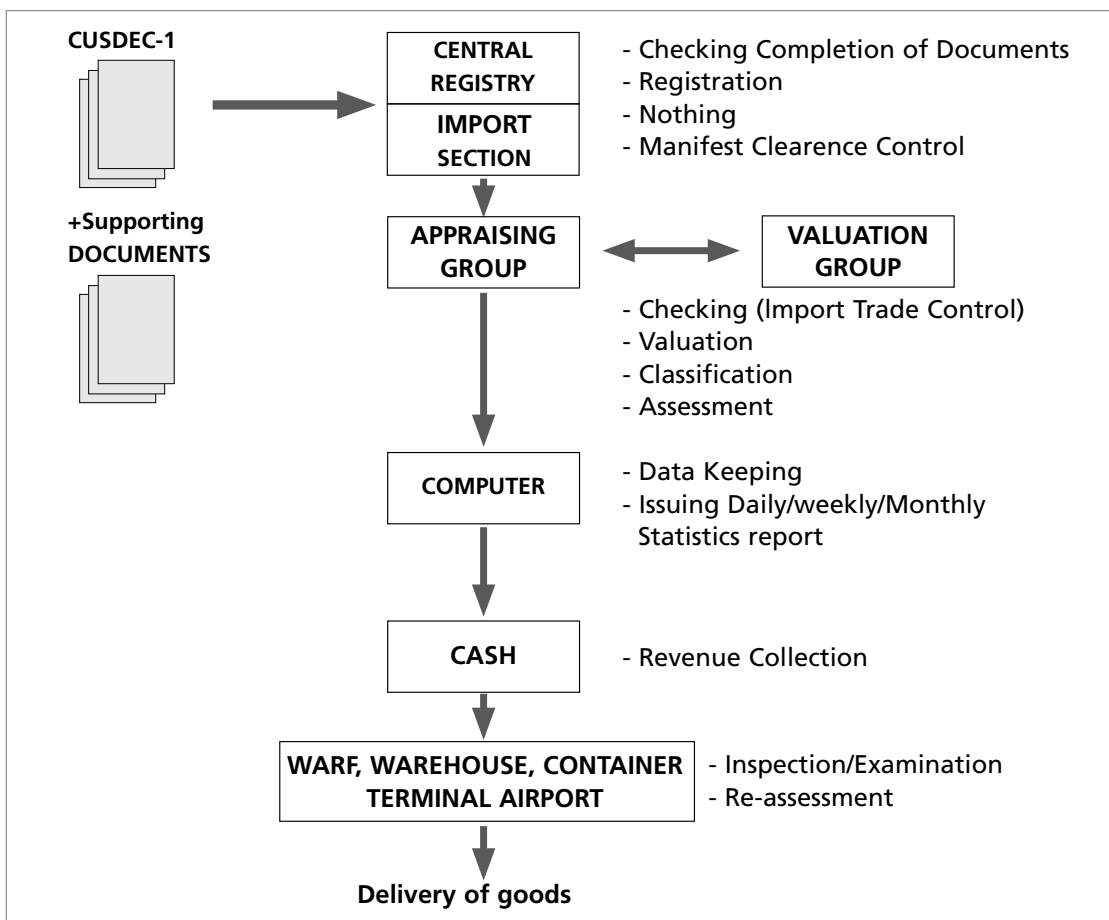
If all is in order, the documents are passed to the Import Section, who will check the Import Declaration with the manifest details in order to verify consistency. If all is in order, the forms are sent to the Appraising Group, which will verify that the goods are imported in compliance with trade controls and guarantee the accuracy of details such as description, Harmonized System codes, duty and tax rates, quantity and measurements, in order to accurately classify and levy duty on the goods.

The Valuation Unit will then submit a valuation after investigating recorded prices, catalogues and wholesale prices where needed. The CUSDEC-1 is then returned to the Appraising Group and the data is entered into the

computer systems in order to facilitate statistical analysis. The Cash Section, meanwhile, will calculate the amount of duty and tax owed and collect the revenues.

Once duties and taxes have been collected, the CUSDEC-1 and other documentation are sent to the appropriate wharf/container/airport Appraising Group. The importer must collect the Delivery Order from the Shipping Agency Department and pay port fees. The Customs officers will then verify that the goods are consistent with the relevant declaration. If all is in order, delivery will be allowed, but if discrepancies are uncovered, it could lead to the seizure of goods, reassessment and refund, or recovery of duty.

Figure 8: Myanmar import procedures



Source: FAO (2009). An Analysis of the Myanmar Edible Oil Crops Sub-Sector.

As with exports, the procedures for importing are quite inefficient. Table 8 provides a comparison with both regional and OECD countries.

Table 8: *Importing into Myanmar*

Indicator	Myanmar	East Asia & the Pacific	OECD
Documents to import (number)	9	7	4
Time to import (days)	27	22	10
Cost to import (US\$ per container)	660	884	1090

Source: World Bank (2013). *Doing Business 2014*.

SPECIAL ECONOMIC ZONES

In 2011 the Government of Myanmar passed the Myanmar Special Economic Zone Law.⁵⁵ Its stated goals are to allow for the establishment of SEZs that will:

1. Stimulate foreign investment;
2. Develop economic momentum;
3. Develop industrial and high-tech production;
4. Improve the quality of processing, trading and services;
5. Enable the population to learn and transfer high-tech skills and technologies;
6. Stimulate employment opportunities; and
7. Stimulate the development of infrastructure.

Over the last few years, SEZs have been used to attract FDI and promote economic development through various tax and regulatory incentives. Of note are the Dawei SEZ, Thilawa SEZ and Kyauk Phyu SEZ. Aside from allowing for the long-term leasing of land to foreign investors, the relevant legislation allows for exported items to be exempt from commercial tax and value added tax for five years, followed by reduced rates thereafter. Imported materials and machinery are also exempt from import tax and customs duties for five years. During the following five years, these levies are reduced by 50% of their normal rate.

These zones have thus far proven to be successful tools for facilitating competitive industry development. Jobs are created by both the enterprises which are attracted to the zones for their incentive programmes and the businesses that cater to them. Moreover, they stimulate the arrival of skilled labour and facilitate both knowledge and technology transfer between foreign agents and the local population. They have also been instrumental in allowing Myanmar to develop the basic infrastructure needed to support economic activity, which includes roads, telecoms services and power services. As such, the zones have played an integral role in improving transport linkages between Myanmar and some of its most important trading partners.

55. Union of Myanmar State Peace and Development Council (2011). *The Myanmar Special Economic Zone Law: The State Peace and Development Council Law No. 8/2011*.

ECONOMIC CORRIDORS

Through its work with the ADB and the GMS, Myanmar has been placing an increased emphasis on the development of economic corridors. Improvements that were made to the East-West Economic Corridor, for example, cut an average of six days from regional transport times. As the only direct continuous land route between the Indian Ocean and the South China Sea, the corridor increased transport efficiency by bypassing the straits of Malacca. Additionally, the project has strengthened cooperation among the applicable countries: Myanmar, Thailand, the Lao People's Democratic Republic and Viet Nam.

Myanmar continues to look towards corridor development as the model for enhancing both trade and economic cooperation. With a focus on supporting networks of geographically clustered infrastructure and enterprises, Myanmar hopes to better connect stakeholders to both production and demand domestically and within the greater region.

INSTITUTIONAL PERSPECTIVE

Trade support institutions (TSIs) are institutions that have an interest in, and bearing on, the cross-sector's export development. Broadly, the TSIs providing important services to Myanmar's TFL cross-sector can be categorized in the following support areas:

- Policy support network
- Trade services network
- Civil society network.

Tables 9 to 11 identify the main TSIs whose service delivery affects the TFL framework in Myanmar. An assessment of the TSIs along four key dimensions – coordination, human capital, financial sustainability and advocacy – is provided. The ranking (high/medium/low) for each TSI was selected in the context of service delivery of the TSI relative to trade facilitation. In other words, the assessment was conducted based on an evaluation of stakeholder views regarding the effectiveness of TSIs and their respective roles in Myanmar's TFL environment.

POLICY SUPPORT NETWORK

These institutions represent ministries and competent authorities responsible for influencing or implementing policies at the national level.

Table 9: Myanmar TFL policy support network

Name of institution	Description of TSI and services provided	Coordination	Human capital	Financial sustainability	Advocacy
MoT	Regulates multimodal transport and logistics (air and maritime). Services include warehousing, freight forwarding, maritime transport services, air transport services and inland water transport.	M	L	L	L
Ministry of Rail Transport (MoRT)	Regulates rail and road transport on land. Issues operating licences for commercial vehicles.	L	L	L	L
Ministry of Construction (MoCon)	Regulates road and bridge construction. (Build-Operate-Transfer & Public-Private Partnership (PPP))	L	M	M	L
Ministry of Finance and Revenue (MoFR)	Regulates fiscal, banking and financial insurance affairs, and collects taxes and revenues. Tasked with Customs and issues licences.	M	M	M	M
MoC	Manages trade policy, trade regulation, trade promotion and information, education and facilitation. Administers trade registration, export/import licences, rules of origin, inspection and testing on goods for export, and transit rights.	M	M	M	H
Ministry of National Planning and Economic Development	Sets policy on SEZs, national economic development, trade-related investment and foreign economic relations. Services include collecting and analysing statistical data (Central Statistics Organization) and company registration.	M	M	M	L
Central Bank	Sets foreign exchange and monetary policy, and interest rates. Services include issuing banknotes and banking licences, and managing electronic payment methods.	L	M	M	M
Ministry of Science and Technology	Sets standardization policy and quality standards (e.g. technical barriers to trade, sanitary and phytosanitary) and control. Provides research and development services.	L	M	L	L
Ministry of Health	Manages quality control related to health issues (Food and Drug Administration) and quarantines.	L	L	L	L
Ministry of Agriculture and Irrigation	Manages quality control for sanitary and phytosanitary standards.	L	L	L	L
Ministry of Border Affairs	Tasked with border area and ethnic group development. Services include support services for road and bridge construction and health education.	L	L	L	L

TRADE SERVICES NETWORK

These institutions or agencies provide a wide range of trade-related services to both government and enterprises. These institutions support and promote sectors and

are concerned with the delivery of trade and export solutions within a developing country.

Table 10: Myanmar TFL trade services network

Name of institution	Description of TSI and services provided	Coordination	Human capital	Financial sustainability	Advocacy
Myanmar Foreign Trade Bank, Myanmar Investment and Commercial Bank, Myanmar Economic Bank	Deliver state and commercial banking services, and facilitate monetary transactions and foreign exchange.	L	L	L	L
Customs Administration	Handles customs procedures. Its mission is to achieve trade facilitation by simplifying customs procedures, executing effective customs controls and collecting relevant revenues.	M	M	M	L
MPA	Tasked with administering coastal ports. Provides the following services: <ul style="list-style-type: none"> • Loading; • Discharging and storage of cargoes; • Receipt and delivery of transit cargoes; • Pilotage; • Diving services; • Tug services; • Firefighting; • Port security; • Fresh water supply; • Ship repairs; • Shipping agency services. 	M	L	L	M
Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)	Chamber of Commerce representing the private sector, tasked with facilitating public–private dialogue, advocating for private sector interests, and participating in efforts for national economic development.	M	M	M	M
Myanmar International Freight Forwarders Association (MIFFA)	Engages in foreign relations and offers training courses and member certificates.	M	L	L	L
Myanmar Customs Brokers Association (MCBA)	Provides customs clearance services.	M	M	M	L
Myanmar Container Truck Association	Offers a one-stop shop for container transport and sets tariffs for container transport.	M	L	L	L
Highway Transport Association	Carriage of goods.	L	L	L	L
Myanmar Mercantile Marine Development Association (MMMMDA)	Offers training certification and arbitration services.	M	L	L	L
Mingalardon Cargo Service	Provides air cargo handling services.	L	M	M	L
Myanmar Coastal-Cargo Shipping Association	Carriage of goods.	M	L	L	L
Myanmar Shipowners Association	Carriage of goods.	L	L	L	L
Myanmar Citizens Bank	Licence fees payment.	M	L	L	L



Table 11: Myanmar TFL civil society network

Name of institution	Description of TSI and services provided	Coordination	Human capital	Financial sustainability	Advocacy
Myanmar Maritime University	Engaged in education and teaching in maritime transport, ship and port management, and logistics. Offers a diploma course.	M	M	L	M
Central Institute of Transport and Communications	Engages in professional training in driving for rail and road transport. Offers professional training certificates.	L	M	L	L
Civil Aviation Training Institute	Provides flight training and offers domestic and international pilot licences.	M	L	L	L
Myanmar Mercantile Marine College	Offers a bachelor degree for mercantile marines.	M	M	L	M

CIVIL SOCIETY NETWORK

ANALYSIS OF THE TRADE SUPPORT NETWORK

These institutions are not explicitly engaged in the sector's trade-related activities. However, they are opinion leaders representing specific interests that have a bearing on the sector's export potential and socioeconomic development.

Despite the large number of institutions active in the TFL cross-sector, an analysis of their abilities indicates that their capacities are inadequately developed. Of particular concern is the lack of coordination among themselves and with client enterprises. This lack of coordination is especially disconcerting in the case of MoT, MoRT and MoC. An effective cross-sector depends to a large extent on the ability of these lead ministries to coordinate their efforts

and engage in effective communication with the business community in order to foster a healthier trade environment.

Another issue is the low level of human capital and financial sustainability. As these institutions will be tasked with anchoring and diffusing cross-sector knowledge, it is of the utmost importance that their staffs are adequately trained and ready. Financial sustainability is also necessary, as the success and sustainability of this strategy will depend upon the ability of TSIs to disseminate information and provide quality services over time.

Lastly, the low level of advocacy is an issue that must be addressed. An effective TFL framework requires that private sector interests are considered against the backdrop of a changing global trade environment. Enterprises must therefore be able to rely on TSIs to disseminate updated information and advocate on their behalf.

Table 12: Perception of Myanmar's TFL TSIs – capacity versus influence

		Capacity of institution to respond to sector's needs	
		Low	High
Level of influence on the sector	High	MoT MoCon Central Bank Myanmar Foreign Trade Bank Myanmar Investment and Commercial Bank Myanmar Economic Bank Customs Administration MPA Myanmar Container Truck Association MMMDA Myanmar Coastal-Cargo Shipping Association Myanmar Citizens Bank Civil Aviation Training Institute Myanmar Mercantile Marine College	MoFR Ministry of National Planning and Economic Development MoC UMFCCI Myanmar Maritime University
	Low	MoRT Ministry of Border Affairs Ministry of Agriculture and Irrigation Ministry of Health Ministry of Science and Technology MIFFA Highway Transport Association Myanmar Shipowners' Association Central Institute of Transport and Communications	MCBA Mingalardon Cargo Service

CROSS-SECTOR DEVELOPMENT INITIATIVES

Following the political changes that have set Myanmar on the course to more open participation in global trade, both donors and the government have recognized the importance of improving the TFL environment. A better functioning cross-sector will allow Myanmar to fully leverage its historic opportunity for regional and global economic integration. As a result, a number of relevant interventions are either underway or in planning.

One such initiative is the Kaladan Multi-Modal Transit Transport Project, the US\$214 million budget of which is being funded by the Indian Government.⁵⁶ The project seeks to improve bilateral trade between Myanmar and India and has an expected completion date in 2015. The initiative will connect the Indian port of Kolkata with the Myanmar port of Sittwe, and then continue to connect Sittwe with the north-eastern region of Mizoram in India

through road and inland waterway links across the western Chin state of Myanmar. Not only will the project connect Myanmar with northern India and greatly enhance domestic inland transport capacities, but the route between Kolkata and Sittwe will be reduced dramatically, thereby improving efficiency and reducing transport costs with India.

Another development is the Kyauk Phyu SEZ, which is funded by the Chinese Government and includes a deep sea port. The zone will become a transport hub for Chinese energy products and its infrastructure could serve to stimulate trade activity and improve transport links to India, Bangladesh and Middle Eastern markets.⁵⁷ In conjunction with the SEZ, China is looking to connect the zone to Yunnan province via a rail network that is estimated to cost around US\$20 billion. The project would see China build and operate the project for 50 years, at which point it would return to Myanmar control. It should be noted, however, that citizens, local activists and an environmental non-governmental organization (Earth

56. Thura Swiss (August 2013). *Myanmar's Beans and Pulses Trade: Risks and Prospects*.

57. Kyauk Phyu Special Economic Zone (n.d.). Website. Available from <http://kpsez.org>.

Rights International) have expressed concern over a lack of transparency and possible social and environmental impacts of both of these projects.^{58,59}

In addition, the Dawei SEZ is expected to serve as a regional transport hub located 350 km west of Bangkok. Development plans foresee the construction of a deep-water seaport, a 7,000 megawatt coal plant, and other industrial and transport-related infrastructure. The original developer was recently precluded from the project, and as such Myanmar is searching for international investors and developers, namely in Japan and Thailand.⁶⁰ As with Kyauk Phyu however, protestors have identified a number of concerns. In particular, the Dawei Development Association claims that the project will force the relocation of farmers and lead to heavy industrial pollution.⁶¹

The ADB, meanwhile, has approved a Trade Facilitation Support for ASEAN Economic Community Blueprint Implementation (Myanmar) project, to be funded by the Japan Fund for Poverty Reduction with US\$225,000. This small-scale technical assistance project seeks to support a broader ADB project of trade facilitation in Asia and enhance the capacities of the Myanmar Customs Administration to improve trade facilitation.⁶²

Moreover, Myanmar has participated in the ADB GMS programme of subregional economic cooperation.⁶³ Since 1992, this programme has helped to implement transport, energy, telecom, trade and other projects with the help of ADB and outside donors. The Cross-Border Transport Agreement, which was joined by Myanmar in 2003, helps streamline regulations and reduce trade barriers in the region. Some areas covered by the agreement include single window customs inspection, cross-border movement, transit traffic regimes, vehicle requirements, reciprocal commercial traffic rights and infrastructure standards.

The programme also helped form an Economic Corridors Forum in 2008 with the goal of transforming transport

corridors into economic corridors. ADB provides technical assistance and studies that aid the development processes. It prepares studies and strategies to aid corridor development; organises forums and working groups; helps mobilize funds; and provides technical assistance for feasibility studies, engineering studies, establishment of PPPs and identification of possible regulatory arrangements.

Another initiative is the Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and South-East Asia (SATNET) project funded by the European Union and implemented by the Centre for Alleviation of Poverty through Sustainable Agriculture. The project seeks to facilitate knowledge transfer in sustainable agricultural economics and sector-applicable trade facilitation while improving market linkages.⁶⁴ In Myanmar it specifically focuses on facilitating the export of mango to China and rice to West Africa, and the import of palm oil from Malaysia.⁶⁵

COMPETITIVENESS CONSTRAINTS

This section identifies the most important constraints affecting the TFL function in Myanmar. Constraints are identified along three dimensions – policy, institutional and enterprise.

- **Policy issues** refer to legislative and regulatory issues that currently limit the effective functioning of the cross-function in line with international best practice.
- **Institutional constraints** refer to supply-side issues related to the service delivery of TSIs to enterprises; specifically in terms of the capacities and resources available to the institutions for achieving effective service delivery.
- **Enterprise constraints** refer to demand-side issues related to TFL infrastructure.

58. Eleven Myanmar (2013). Activists criticise lack of transparency on China railway project, 18 July. Available from www.elevenmyanmar.com/index.php?option=com_content&view=article&id=2801:activists-criticise-lack-of-transparency-on-china-railway-project&catid=44:national&Itemid=384.

59. Earth Rights International (2013). Shwe gas campaign. Available from www.earthrights.org/campaigns/shwe-gas-campaign.

60. Global Post (2013). Myanmar revises plan for developing Dawei SEZ. *Xinhua News Agency*, 2 December. Available from www.globalpost.com/dispatch/news/xinhua-news-agency/131202/myanmar-revises-plan-developing-dawei-sez.

61. Yen Snaing (2013). NGO raises concerns with Japan over Dawei SEZ involvement. *The Irrawaddy*, December 12. Available from www.irrawaddy.org/business/ngo-raises-concerns-japan-dawei-sez-involvement.html.

62. ADB (2013). *Trade Facilitation Support for ASEAN Economic Community Blueprint Implementation (Myanmar): Project Data Sheet*.

63. ADB (2013). Greater Mekong subregion. Available from www.adb.org/countries/gms/main.

64. SATNET Asia (2012). About Us. Available from www.satnetasia.org/About_us.html.

65. SATNET (2013). Overview of the SATNET Project and Introduction to Business Process Analysis (BPA) as a Tool for Trade Facilitation. PowerPoint presentation given at the InterContinental Hotel, Phnom Penh, Cambodia, 19 April 2013.

POLICY ISSUES (LEGISLATIVE)

Box 2: Policy issues affecting TFL in Myanmar

- The absence of an integrated transport development strategy hinders coordination and cross-sector development.
- Limited participation of the private sector limits quality and efficiency.
- Government price subsidies and fixed tariffs distort incentives.
- Support for safety is limited.
- Advance income tax payments place a burden on exporters.

THE ABSENCE OF AN INTEGRATED TRANSPORT DEVELOPMENT STRATEGY HINDERS COORDINATION AND CROSS-SECTOR DEVELOPMENT

The Government of Myanmar has thus far not developed an integrated strategy that addresses the country's transport needs in a coordinated manner. In addition to the accompanying lack of central control and planning, one of the key results of such an absence is the fragmented institutional structure that governs various parts of the national transportation network with limited clarity and little scope for coordination.⁶⁶ Indeed, transportation is managed by six ministries and a variety of local committees. These institutions include MoT, MoRT, MoCon, the Ministry for Progress of Border Areas and National Races and Development Affairs, the Ministry of Defence and the Ministry of Home Affairs; and the Yangon, Mandalay and Nay Pyi Taw city development committees.⁶⁷

While each authority is tasked with overseeing a particular piece of the transport network, no agency is responsible for oversight or responsibility for the national transport sector as a whole.⁶⁸ In addition, the various agency mandates are not clearly defined and often overlap.⁶⁹ An example of this is the governance of road networks and related activities: MoCon, MoRT and MoT all operate in this space.⁷⁰ In other instances, agencies tasked with one aspect of the transportation network have no authority or input over regulations that directly affect their core mandate. MoCon, for example, is responsible for constructing and

maintaining roads. However, it is not involved in vehicle regulation or road safeties, which are closely intertwined.⁷¹

The lack of central oversight, together with unclear responsibilities, can lead to various inefficiencies. In some instances agencies may spend resources duplicating efforts or engage in activities for which they have limited expertise, while the population is faced with a complex and disjointed set of regulations with which they must comply. In such an environment, a coherent strategy for the improvement of transportation and logistics that is effectively able to allocate resources will be elusive.⁷²

LIMITED PARTICIPATION OF THE PRIVATE SECTOR LIMITS QUALITY AND EFFICIENCY

Although some private enterprises do participate, the majority of transport infrastructure is constructed, maintained and operated (where applicable) by government agencies.⁷³ In addition, state-controlled transport operators have pushed out private enterprises from the majority of the subsectors. While most public transport works are undertaken by the government, one area that has seen some degree of private sector involvement is that of road construction and maintenance. Roughly 8,000 km of roadways have been built and maintained over the last two decades through concession agreements such as build-operate-transfer, and while the tolls are set by the government, many of these projects seem to be economically viable.

66. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

67. *Ibid.*

68. *Ibid.*

69. *Ibid.*

70. *Ibid.*

71. *Ibid.*

72. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p.137. OECD Development Pathways, OECD Publishing.

73. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

Nevertheless, there is still much room for increased private sector participation, especially in the rail, inland water and civil aviation subsectors. Over the years, the financial autonomy of the departments managing these operations has diminished, and today they operate inefficiently. Planning, service delivery, asset management, financial management and planning have all deteriorated and would greatly benefit from increased participation of the private sector.

GOVERNMENT PRICE SUBSIDIES AND FIXED TARIFFS DISTORT INCENTIVES

The majority of transport subsectors are dominated by state enterprises that operate on a non-commercial basis.⁷⁴ Government subsidies and tariffs that are fixed below market value, or even cost, have squeezed private operators out of the market.⁷⁵ This has limited competition and private sector investment, and often led to poor service quality and asset maintenance. Indeed, the limited revenues dictated by fixed tariffs are often not adequate for the maintenance of basic networks. A prime example is the inland waterway network, where a lack of financial resources has resulted in inadequate dredging that limits the navigability of primary routes during low water season. Subsidies, meanwhile, which are often used to complement the low tariffs, distort financial management and limit the practice of cost-benefit planning.

SUPPORT FOR SAFETY IS LIMITED⁷⁶

Statistics show that the rate of roadway fatalities in Myanmar is much higher than that of its regional neighbours, despite the fact that road density in Myanmar is lower. The World Health Organization estimates that in 2007 there were 15.7 fatalities per 10,000 vehicles, much higher than in other countries such as Thailand (4.9), Viet Nam (5.6) and Australia (1.1). Not only does this have significant social cost, but a United Nations Development Programme study in 2003 estimated that road accidents had a cost of roughly 3% of gross domestic product.

Despite the existence of a road safety programme that seeks to bring various government agencies together, there has thus far been little improvement in safety. While the effects are less evident, safety issues also exist in other transport networks due to poor maintenance. Inland waterways, for example, have limited draft due to inadequate dredging. These various risks must be addressed as the government initiates strategies for modernizing the

74. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

75. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

76. *Ibid.*



transportation networks. As such, cross-sector support should also include the development of comprehensive approaches to transport safety.

ADVANCE INCOME TAX PAYMENTS PLACE A BURDEN ON EXPORTERS

Shippers are required to provide an advance payment on income tax of 2% throughout the year based on invoice values.⁷⁷ This requirement directly increases the cost of engaging in trade as well as the risks of doing business, as a deduction is only provided once a year in accordance with annual income declarations. Not only must firms find advance funding for such a tax, which is difficult due to insufficient access to finance, but this cash could have otherwise been used for investment or as a cushion in the event of unexpected costs or opportunities. This tax environment can also act to discourage new companies from engaging in export, as the financial burden may make new engagements untenable. Eliminating this tax, or at least allowing for more frequent deductions, would facilitate a more dynamic environment for exporters.

77. NES third consultation.

INSTITUTIONAL ISSUES (SUPPLY-SIDE)

Box 3: Institutional issues affecting TFL in Myanmar

- Inadequate port facilities and cargo handling equipment result in limited capacities and quality of service.
- The lack of inland container depot capacities decreases efficiency and increases costs and risks.
- Lack of automated scheduling leads to delays in port clearance.
- Lack of bonded warehouses diminishes export efficiency.
- The absence of EDI inhibits effective trade facilitation.
- Paper-based and burdensome export customs procedures increase costs, risks and turnaround time.
- The lack of a cold chain management system diminishes opportunities for export expansion.
- The lack of a domestic cargo manifesting system for truck and train fleets hinders efficiency and security.
- Insufficient skilled staff at freight forwarders and customs brokers limits service capacities.
- Rail networks are underused for freight transport.
- Inadequate road networks limit connectivity.
- There is limited inland waterway development.
- Burdensome business procedures increase costs and risks.

INADEQUATE PORT FACILITIES AND CARGO HANDLING EQUIPMENT RESULT IN LIMITED CAPACITIES AND QUALITY OF SERVICE

Myanmar's port facilities are inadequate in their size, equipment and service capacities. Water draft is restricted to nine metres in Myanmar International Terminal Thilawa and only eight metres in Yangon, limiting the size of vessels that can be served.⁷⁸ There are no adequate port facilities for loading and unloading of freight and there is no automated cargo handling.^{79,80} Manual handling drastically reduces efficiency while at the same time increasing the likelihood that goods may be damaged as they are processed. Equipment for manual handling is also limited, as workers must use mobile cranes in the absence of gantry cranes.

Moreover, the ports lack sufficient capacity for physical inspections, which are limited to a maximum of 20 containers at a time. Efficient cargo processing is further

hindered by the lack of automated scheduling of containers for x-ray scanning.⁸¹ It should also be noted that road access to ports is inadequate and should be improved. Although a direct access road to the port of Yangon was recently completed, the terminal is still subject to traffic jams and heavy congestion.⁸² Together, these inadequacies result in increased waiting and turnaround times as well as a higher incidence of damaged goods.

THE LACK OF INLAND CONTAINER DEPOT CAPACITIES DECREASES EFFICIENCY AND INCREASES COSTS AND RISKS

While there are some inland container depots, those that exist are not easily accessible by all modes of transport.⁸³ In addition, space at these facilities is tight and an absence of container management systems significantly diminishes the reliability and efficiency with which these

78. NES third consultation.

79. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 25.

80. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report.

81. NES third consultation.

82. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report.

83. NES third consultation.

warehouses operate.⁸⁴ While containers at inland container depots are generally provided by the shipping operators, congestion and poor organization often lead to a shortage; indeed, containers of different carriers are not separated. None of the depots maintain an adequate yard plan, nor do they regularly track container movements. This, together with the fact that the depots operate above capacity, often stacking up to eight containers, leads to a number of difficulties including significant delays.

Containers that cannot be located, require too much effort to move, or which are damaged (a frequent occurrence), often result in the exporter having to obtain a new container number and set of documents, thereby restarting the process of requesting a new container.⁸⁵ As a result, the entire process can take up to a day and result in significant delays, costs and uncertainty. Resolving these deficiencies by expanding capacity, introducing ICT tools and implementing proper inventory management practices would result in a much more transparent and stable logistical environment.

LACK OF AUTOMATED SCHEDULING LEADS TO DELAYS IN PORT CLEARANCE

The lack of automated scheduling for container clearance further complicates time-consuming handling and collection procedures.⁸⁶ The result is an inefficient system with complicated queuing that operates on a first come, first served basis. This causes significant delays as exports clear ports and airports. Not only do such delays result in opportunity costs for exporters, there is also the potential for them to result in both direct costs and the loss of perishable items. Indeed, it has a significant impact on an exporter's ability to effectively manage inventory and shipping procedures and to reliably deliver goods to demanding markets. A modern trade facilitation environment must allow enterprises to reliably meet the demands of foreign businesses in a cost-efficient manner. As such, it is crucial that Myanmar adopt automated scheduling practices in order to reduce congestion, waiting times and uncertainty.

LACK OF BONDED WAREHOUSES DIMINISHES EXPORT EFFICIENCY

With the exception of the special permission granted to facilitate cold storage for fish, customs clearance is not available outside of ports and airports and Myanmar has

84. Ksoll, C., Myint, A.K. & Lwin, T.G. (2013). *Business Process Analysis: Export of Rice and Mango, and Import of Palm Oil in Myanmar*. SATNET Asia.

85. *Ibid.*

86. NES third consultation.

no bonded warehouses.⁸⁷ As a result, cargo destined for export must be consolidated in a private warehouse, sent to the container yard and inspected by Customs.⁸⁸ Not only does this decrease the flexibility with which exporters can operate but it also directly contributes to the congestion, confusion and delays experienced at port clearance terminals.

THE ABSENCE OF EDI INHIBITS EFFECTIVE TRADE FACILITATION

EDI, which facilitates the transfer of electronic data between agencies, companies, and/or countries, is an important component of an effective logistical environment. In particular, Myanmar's warehouse, Customs departments and port facilities suffer due to their lack of EDI implementation. EDI capabilities would significantly reduce the burdens and risks associated with the paper-based documentation that dominates customs procedures,⁸⁹ while also providing a vital foundation for effective inventory management at warehouses and during cargo handling. EDI would be particularly helpful at ports, as it would allow instantaneous communication between all actors in the customs clearance process and reduce the unnecessary number of forms and documentation, thereby saving time and reducing the risk of error.

PAPER-BASED AND BURDENSOME EXPORT PROCEDURES INCREASE COSTS, RISKS AND TURNAROUND TIME

The World Bank ranked Myanmar 113 for trading across borders.⁹⁰ Importing and exporting require nine documents (as opposed to the regional average of seven for import and six for export, and the OECD average of four for both import and export), and take 27 and 25 days respectively. This is significantly above both regional and OECD averages. Indeed, preparing and submitting the required documents takes an average of 17 days for export and costs US\$225.

One of the key bottlenecks to the export process is the lack of ICT systems. Not only are a minimum of six documents required, but all of them are paper-based.⁹¹ The only electronic step in the export licensing process is the online application for an export licence, but even this is at

87. NES third consultation.

88. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report.

89. Ksoll, C., Myint, A.K. & Lwin, T.G. (2013). *Business Process Analysis: Export of Rice and Mango, and Import of Palm Oil in Myanmar*. SATNET Asia.

90. World Bank (2013). *Doing Business 2014*.

91. Ksoll, C., Myint, A.K. & Lwin, T.G. (2013). *Business Process Analysis: Export of Rice and Mango, and Import of Palm Oil in Myanmar*. SATNET Asia.

times negated by the poor Internet connections outside of major urban areas. After the application is approved, the exporter must retrieve a hard copy of the approved application from MoC and present it to the Export Section for valuation, where, if all is in order, the licence will be issued. Throughout this process, limited office hours restrict the efficiency of the process and diminish the capacity for efficient problem resolution.

Obtaining customs clearance is similarly difficult. While the exporter can submit an online application to MoC for an export declaration, once again the remainder of the steps are paper-based.⁹² The Customs offices pass the physical documents through five different departments for verification. Once approved, one of the key delays in the process is appraisal. This seems to be due to understaffing, together with the fact that Customs must use the official exchange rate, which is only set at 10a.m. This means that appraisals cannot be confirmed until after this time, despite the fact that the offices may be open earlier.

Once an export declaration has been attained, the relevant documents must be submitted at the port terminal. A gate pass is issued and the container can proceed to the Customs office for inspection and final processing.

These delays, together with the human resources required to engage in the process, lead to both uncertainty and costs. Significant gains could be made if the documents and procedures for their submission were simplified and then streamlined through a licensing process that leverages ICT capacities. Data interchange between departments and offices would greatly reduce the costs and complexity of all export procedures, from licensing to clearance.

THE LACK OF A COLD CHAIN MANAGEMENT SYSTEM DIMINISHES OPPORTUNITIES FOR EXPORT EXPANSION

Myanmar has an inadequate cold chain management system.⁹³ Guaranteeing consistent temperatures as a product progresses through the value chain is an integral part of ensuring basic health and safety as well as compliance with international regulations. Without a reliable system, it will be impossible to expand certain sectors, such as fish exports, due to regulatory barriers. Moreover, the lack of a cold chain places the domestic population at increased risk of illness, thereby diminishing social welfare.

92. *Ibid.*

93. NES third consultation.

THE LACK OF A DOMESTIC CARGO MANIFESTING SYSTEM FOR TRUCK AND TRAIN FLEETS HINDERS EFFICIENCY AND SECURITY

The lack of a modern transit facilitation policy, and the resulting non-existence of a cargo manifest system, makes it more difficult to verify the transport and delivery of goods.⁹⁴ The absence of a standardized system increases the likelihood of oversights in both delivery and customs procedures. A standard manifest would instead allow for a more efficient and timely transport of goods, while diminishing the risk of inaccurate deliveries or customs oversights. Moreover, the prevalence of localized ground transport services often makes it necessary to change carriers.⁹⁵ Standard manifests would increase the efficiency of these transfers while at the same time reducing the risk of misplacing inventory.

INSUFFICIENT SKILLED STAFF AT FREIGHT FORWARDERS AND CUSTOMS BROKERS LIMITS SERVICE CAPACITIES

Support staff lack sufficient capacities in logistics, documentation, cargo handling, insurance, and transport management practices. These shortcomings impede their ability to provide cost- and time-efficient services in line with best practices, and to adopt new practices and services in line with a changing global trade environment. In general, there is a lack of knowledge with regards to best practices and staff would benefit from trainings and networking opportunities that would facilitate knowledge enhancement.⁹⁶ It should be noted that MIFFA has its own logistical training centre and that efforts are being made through both the centre and training of trainer courses to ensure adequate human resource capacities at forwarders and brokers and within relevant government agencies.⁹⁷

RAIL NETWORKS ARE UNDERUSED FOR FREIGHT TRANSPORT

Railways are still subject to a state monopoly and there has been limited investment in upgrading and maintaining the core rail network.⁹⁸ The inadequate infrastructure also fails to provide access to remote areas. Freight management services are poor and inefficient, and rail trans-

94. NES third consultation.

95. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 117. OECD Development Pathways, OECD Publishing.

96. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

97. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report.

98. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 137. OECD Development Pathways, OECD Publishing.

port suffers from long travel times and frequent delays. Delays are the result of both weak operating procedures as well as slow operating speeds that result from limited investment in the upgrading of basic infrastructure such as track renewal.⁹⁹ Indeed, the challenges and extent of low investment are highlighted by the fact that over 25% of operating locomotives are more than 40 years old.¹⁰⁰

Moreover, inadequate facilities at stations result in the manual handling of cargo, thereby increasing the risk of cargo damage.¹⁰¹ With regards to service, the absence of domestic container owners (both public and private), means that enterprises must rely upon foreign entities. Lastly, Myanmar's railways use a narrow gauge track that does not conform to international standards.¹⁰² The result is that there is no interoperability with bordering countries. The lack of interoperability in the rail system increases both the time and cost of international freight shipments by train, as goods must be transferred between two rail networks and their accompanying handling systems.

A particular concern is the lack of financial viability of the current system.¹⁰³ As noted, the focus on laying new railways in expensive areas with little economic value has resulted in limited funds for maintaining more important networks that would lead to revenue growth.¹⁰⁴ This is complicated by the lack of a commercially focused financial management system which could adequately align expenses with potential revenues, leading to more effective investment decisions.

INADEQUATE ROAD NETWORKS LIMIT CONNECTIVITY¹⁰⁵

The primary road network had historically been developed to connect the north and south of the country. Nevertheless, as outlined in Myanmar's National Road Network Plan, the primary network has been extended to provide greater access. Even so, low level and local roadways are still much less extensive and often remain in poor condition.¹⁰⁶

More efficient development and management of the road networks has been hindered by the complex framework

99. ADB. Myanmar: Transport Sector Initial Assessment. October, 2012.

100. *Ibid.* p. 11.

101. ITC (2013). *Study on Development of Trade Facilitation, Logistics and Infrastructure*. Internal ITC NES background report.

102. *Ibid.*

103. ADB (2012). *Myanmar: Transport Sector Initial Assessment*, p. 11. Manila: ADB.

104. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

105. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

106. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

under which it is managed by the government. Indeed, a variety of agencies have overlapping mandates and the lack of central control and planning has led to a number of inefficiencies. In addition, the fragmented institutional governance has resulted in, at times, illogical divisions of responsibilities. This is complicated by budgetary constraints. The majority of funding for the network is generally earmarked for new road construction which is intended to increase the connectivity of more remote areas of the country. This results in limited funding for maintenance of the core road network. It should be noted that, for the moment, the limited traffic volumes means that current levels of maintenance are deemed adequate. Even so, planners must shift their focus towards cost-benefit analysis and increase their capacities to prioritise investment, especially in light of projected increases in traffic.

THERE IS LIMITED INLAND WATERWAY DEVELOPMENT¹⁰⁷

Despite access to natural networks, inland waterway operations require significant financial resources. While the rivers are free, various efforts are required to ensure that they remain navigable. This includes extensive dredging and the maintenance of adequate communications and navigation facilities. These responsibilities lie with the MoT Directorate of Water Resources Management, which operates through several other agencies. It has been estimated that the Directorate spent around US\$5 million dredging the two main river systems, the Ayeyarwady and the Chindwin, since the turn of the century. Such limited expenditure is deemed inadequate, and the result is that many routes have insufficient clearance during low water season, thereby creating safety hazards.^{108,109} Stakeholders mention that the lack of financing has more of an impact on acquiring spare parts and fuel rather than on purchasing the dredging equipment itself.

In addition to safety and navigation, the lack of development has also had a direct impact on inland port facilities.¹¹⁰ Many of these facilities are little more than landing docks, lacking in mechanization and modern inventory and transfer management facilities. This results in inefficient operations and manual loading/unloading, which can lead to more incidences of damaged goods.

One of the key reasons for the limited investment is the practice of enforcing tariffs that are fixed by the government at levels well below cost. If tariffs were allowed to rise

107. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

108. *Ibid.*

109. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 137. OECD Development Pathways, OECD Publishing.

110. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.



to market levels, the governing agencies would be able to modernize infrastructure and improve inland waterway development efforts. In addition to tariff liberalization, greater participation from the private sector would lead to better operation and maintenance practices.

BURDENSOME BUSINESS PROCEDURES INCREASE COSTS AND RISKS

The processes that businesses must undergo to perform a variety of basic functions are complex, costly and time-consuming. Basic processes such as establishing a business take an unnecessary amount of time. In the World Bank's Doing Business Report, Myanmar was ranked 189 out of 189 countries for starting a business.¹¹¹ In order to

111. World Bank (2013). *Doing Business 2014*.

start a business in Myanmar, applicants must submit 11 documents as opposed to the seven required on average in East Asia and the Pacific, and significantly more than the five required by OECD countries. Moreover, the process takes an average of 72 days, instead of 37.8 and 11.1 respectively for the region and OECD. Lastly, both the cost of the procedures and the minimum capital required are significantly higher than in the region (cost as a percentage of income per capita: Myanmar 176.7%, region 29.8% and OECD 3.6%; minimum capital as a percentage of income per capita: Myanmar 7,016%, region 293.3% and OECD 10.4%).

Coordinated efforts must be made to reduce both the time and cost of such key procedures. This will allow enterprises to operate more efficiently and better respond to dynamic market demands, thereby increasing their competitiveness with respect to foreign competition.

ENTERPRISE ISSUES (DEMAND-SIDE)

Box 4: Enterprise issues affecting TFL in Myanmar

- Slow transportation from production site to destination increases costs, risks and turnaround time.
 - High and volatile transportation costs increase risks and diminish profitability.
 - Insufficient access to modern financial tools increases costs and risks, and decreases efficiency.
-

SLOW TRANSPORTATION FROM PRODUCTION SITE TO DESTINATION INCREASES COSTS, RISKS AND TURNAROUND TIME

Both roads and railway provide insufficient coverage, especially of remote areas, and access routes that connect local producers to warehouses and distribution centres are limited.¹¹² Indeed, limited investment in lower level road networks leaves remote communities cut off from core networks and basic services.¹¹³ Moreover, the roads that do exist are in poor condition¹¹⁴ and congested, thereby increasing transport times and costs.¹¹⁵ Aside from the additional costs associated with longer turnarounds, long travel times increase the risk that goods will either spoil or be subject to changing market conditions en route to their destination.

HIGH AND VOLATILE TRANSPORTATION COSTS INCREASE RISKS AND DIMINISH PROFITABILITY

The high costs associated with transportation stem from a variety of sources.¹¹⁶ First and foremost is the high level of fuel consumption required by road travel, given that fuel is subject to volatile prices on the global market. Maintenance costs and the associated cost of spare parts for vehicles are also high, as the fleets rely largely on second-hand trucks that require frequent repairs. Moreover, the labour costs for drivers are significant.¹¹⁷ The slow travel times discussed above can therefore lead to significantly greater variable costs.

Another cost base is that of storage surcharges. These fees are charged to exporters due to the prevalence of Free on Board as opposed to Cost and Freight shipping.¹¹⁸ The limited fixing of destination and terminal handling charges by exporters can also result in unexpected costs. Lastly, the tendency to insufficiently document agreed-upon charges makes it difficult for exporters to recoup unexpected costs through arbitration.

112. ADB (2012). *Myanmar in Transition: Opportunities and Challenges*, p. 24.

113. ADB (2012). *Myanmar: Transport Sector Initial Assessment*. Manila: ADB.

114. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 137. OECD Development Pathways, OECD Publishing.

115. Republic of the Union of Myanmar Ministry of Hotels and Tourism (2013). *Myanmar: Tourism Master Plan 2013–2020, Final Draft Report*, p. 14.

116. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 117. OECD Development Pathways, OECD Publishing.

117. OECD (2013). *Multi-dimensional Review of Myanmar, Volume 1. Initial Assessment*, p. 117. OECD Development Pathways, OECD Publishing.

118. NES third consultation.



INSUFFICIENT ACCESS TO MODERN FINANCIAL TOOLS INCREASES COSTS AND RISKS, AND DECREASES EFFICIENCY¹¹⁹

Enterprises in Myanmar have access to only a limited number of financial trade tools, as the market lacks adequate financial instruments for export operations as well as credit facilities to support trade.¹²⁰ Telegraph transfers are used in roughly 90% of export operations, and although letters of credit are available, they are long and complicated.¹²¹ Moreover, current FDI law does not allow foreign companies to trade in Myanmar. The result is that local account to account transfers are unavailable and exporters must engage in more costly and timely overseas transfers. Further complicating the matter, outbound bank transfers in US\$ are not allowed unless an exporter has received specific permission from the Central Bank. These issues are complicated by the fact that Customs requires proof of funds before granting clearance of goods.

The absence of adequate insurance products increases the risk of engaging in trade as well. The market provides no service liability insurance and no limited liability insurance for trucks and cargo. The only protection available is that which is covered by standard trading conditions, which are specified at 10 times the cost of transportation.

Lastly, import finance is limited, despite the fact that Customs requires an advance provision for effected payment. Such provisions diminish the ability of enterprises to be flexible in responding to changing market conditions, thereby hindering their ability to meet buyer demands in a timely fashion.

119. NES third consultation.

120. McKinsey Global Institute (2013). *Myanmar's Moment: Unique Opportunities, Major Challenges*, p. 44.

121. Ksoll, C., Myint, A.K. & Lwin, T.G. (2013). *Business Process Analysis: Export of Rice and Mango, and Import of Palm Oil in Myanmar*. SATNET Asia.

WHERE WE WANT TO GO

VISION

Although Myanmar has made progress in developing its TFL services, the analysis performed under this strategy indicates that it has yet to achieve a level of functioning that can adequately support competitive export development. A more efficient movement of goods would directly decrease costs and uncertainty, while at the same time stimulating more reliable and stable relationships with

foreign trade partners. The result would be higher profitability for domestic enterprises and an environment that stimulates the expansion of exports to new and more demanding buyers.

In light of the above, the following vision has been developed for the TFL function:

“ A cutting-edge, efficient, integrated and predictable logistics and trade facilitation system for growth, competitiveness and the development of Myanmar. ”

The following priorities will constitute key elements enabling the achievement of Myanmar's vision for an enhanced TFL system. These priorities are addressed in the cross-sector's strategic PoA.

1. Improve efficiency and reliability by introducing and effectively implementing ICT systems, while at the same time building capacities for their use.
2. Build confidence by ensuring the transparency and predictability of rules and regulations and facilitating access to trade-related information.
3. Facilitate efficiency by accelerating the development of physical infrastructure such as roads, railways, bridges, ports, intermodal terminals, dry ports, inland container depots and free zones.
4. Enhance the capacities of public and private sector players to effectively and consistently coordinate activities.
5. Increase efficiency by promoting the development of integrated services.
6. Support the facilitation of trade flows by participating in regional integration efforts.
7. Ensure dialogue between operators in order to facilitate the integration of transport systems.

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THE ROLE OF EXPORT DEVELOPMENT IN NATIONAL ECONOMY

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HOW TO GET THERE

The vision of the strategy to have “cutting-edge, efficient, integrated and predictable logistics and trade facilitation system for growth, competitiveness and the development of Myanmar” responds to the constraints, but equally to the ambitions, identified in the cross-sector strategy. The following section explains the framework that will guide the implementation of the strategy. A detailed action plan setting out what needs to be done, and by whom, is presented at the end of this section.

STRATEGIC OBJECTIVES

The following four strategic objectives have been identified in order to achieve the overall vision for the cross-sector.

Improve the quality of facilitation and logistical services by encouraging the development of skills and the adoption of best practices. This objective will be realized by facilitating the development of modern insurance products; enhancing human resource skills at governmental bodies; upgrading capacities of freight forwarders and customs brokers; and enhancing capacities of freight and logistics enterprises.

Improve facilitation and logistical capacities by encouraging the development of physical and non-physical infrastructure. This objective will be achieved through the introduction of an e-government system; the upgrading of the transportation network; and the modernization of the logistics infrastructure.

Amend the regulatory and oversight framework in order to facilitate a more efficient trade environment. This objective will be realized by updating air and marine regulations; modernizing inland water, rail and road transport regulations; amending customs procedures; updating financial regulations; and strengthening the public and private sector dialogue on TFL issues.

Ensure that exporters have sufficient knowledge and capacities to meet TFL requirements. This will be accomplished by facilitating the diffusion of TFL requirements

through a PPP, and creating a one-stop shop information web portal.

These strategic objectives are structured around a specific set of activities that are intended to address the wide range of issues confronting the TFL function. Independent, yet mutually supporting activities, will bolster specific areas of weakness. The coordinated resolution of such weaknesses, however, will serve as the foundation for value-added interaction between functional areas. This, in turn, will lead to the realization of the strategic objectives and, ultimately, the cross-sector vision.

Each of the strategic objectives relies upon a set of operational objectives. The operational objectives are intermediate achievements that must be reached in order for the strategic objectives to be met. At the most basic level, the operational objectives are realized through the implementation of various concrete activities, each of which serves to support a specific priority area within the competency of the relevant operational objective. Ideally, each activity will be translated into a project of its own. To this end, the existing programmes or potential support column in the PoA is provided so that donors may select activities that are in line with their own competencies, thereby facilitating the conversion of activities into real-life initiatives.

IMPORTANCE OF COORDINATED IMPLEMENTATION

The broad range of activities, together with the complex nature of integrated intervention, requires careful implementation that efficiently directs resources and monitors results at both the micro and macro levels. To this end, the Myanmar Trade Development Committee (MTDC) was established to facilitate the PPP in elaborating, coordinating and implementing the NES. In particular, the MTDC is tasked with coordinating the implementation of activities in order to optimize the allocation of both resources and efforts across the wide spectrum of stakeholders. As part



of the NES, the implementation of the TFL strategy also falls within the purview of the MTDC.

Such efforts will involve directing donor and private and public sector organizations towards the various NES priorities in order to avoid duplication and guarantee maximum impact. Responsibilities will also include monitoring the results of activities, outputs and outcomes, while at the same time recommending policies that could serve to enhance realization of the strategic objectives. With a 360 degree view of progress, the MTDC will be best placed to manage funding and provide regular reports to donors and stakeholders. Moreover, the MTDC will play a key role in recommending revisions and updates to the strategy so that it continues to remain relevant to, and aligned with, Myanmar's changing needs.

IMPLEMENTATION PARTNERS – LEADING AND SUPPORTING INSTITUTIONS

MoC, MoT, and MoRT will play leading roles in the implementation of the TFL strategy. MoC is tasked with setting trade policy, regulating trade, promoting trade and diffusing information, as well as other activities relevant to

facilitation. It manages trade registration, import/export licensing, rules of origin, goods inspection and testing, and transit rights. Its involvement in such wide-ranging activities relevant to the smooth functioning of trade facilitation makes it an attractive candidate for directing and monitoring implementation under this strategy.

MoT regulates multimodal air and water transport and logistics. Its services include warehousing, freight forwarding, maritime transport services, air transport services and inland water transport. MoRT regulates rail and road transport, and it is mandated to coordinate the regulation and licensing of commercial vehicles. Together, these two organizations are well-placed to coordinate the efficient implementation and monitoring of logistics-related action points in the PoA.

In addition to these three ministries, a number of other institutions identified in the TSI section above will play at least some role in implementing cross-sector activities. As outline in the PoA, these supporting institutions may perform advisory functions, while others will take leading roles in implementing specific parts of the strategy that fall within their area of competency. Each institution mandated to support the export development of the function is clearly identified in the strategy PoA.

THE REPUBLIC OF THE UNION OF MYANMAR

NATIONAL EXPORT STRATEGY

TRADE FACILITATION AND LOGISTICS

CROSS-SECTOR STRATEGY 2015-2019

PLAN OF ACTION

The following action plan details all the activities to be undertaken over the next five years to achieve the vision of the strategy. The action plan is organized around strategic and operational objectives that respond to the

constraints and opportunities identified in the document. The action plan provides a clear and detailed framework for the effective implementation of the Trade Information strategy.



Strategic objective 1: Improve the quality of facilitation and logistical services by encouraging the development of skills and the adoption of best practices.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
1.1 Facilitate the development of modern insurance products that cater to shippers' needs.	1.1.1 Train financial service providers in the development of modern insurance products and help them introduce such services into their product lines.	1	Banks, Insurance companies	<ul style="list-style-type: none"> >> Training programme established, >> 10% of services providers trained a year >> New services gradually introduced by leading service providers 	MoFR	MIFFA		500'000
	1.1.2 Increase awareness of insurance products at logistics service providers and assist them in introducing such services into their product lines.	1	Logistics service providers	<ul style="list-style-type: none"> >> Awareness-rising campaign conducted, >> New services gradually introduced by leading service providers 	MoFR	MIFFA		500'000
	1.1.3 Connect logistics service providers with financial service providers so that they may offer joint solutions to shippers.	1	Customers & service providers	<ul style="list-style-type: none"> >> Joint training and awareness-rising programmes established, >> Increased offer of integrated solutions 	MoFR	MIFFA		300'000
1.2 Enhance the skills of human resources at government bodies involved in TFL.	1.2.1 Provide training to staff at government institutions involved in customs and trade facilitation on the use of basic office software, in order to raise the ICT skills. Some software and skills is required through TA for customs but also some ministries.	1	Relevant government ministries and bodies	<ul style="list-style-type: none"> >> Initial basic training conducted, >> Relevant staff trained on each new ICT tool/software introduced, >> ICT training budgets established, >> ICT skills improved and maintained 	All ministries	UMFCCI, Sector Associations		300'000
1.3 Enhance the capacities of freight forwarders and customs brokers.	1.3.1 Develop a fee-based vocational training program to strengthen the capacity of freight forwarders and customs brokers in logistics, documentation, cargo handling, insurance, and transport management issues, including multi-modal.	1	Freight Forwarders, Customs brokers	<ul style="list-style-type: none"> >> Vocational training program developed and self-sustaining, >> Regular training and tests organised, >> Freight Forwarders' Customs brokers' staff are certified, their capacities improved and maintained 	MoT/MoRT	MIFFA/UMFCCI	United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)/Japan International Cooperation Agency (JICA)/AOT	500'000
	1.3.2 Implement the programme through seminars and trainings aimed at increasing human resource capacities in order to increase the quality of their services.	2	Freight forwarders & customs brokers	<ul style="list-style-type: none"> >> Regular training and tests organised, >> Freight Forwarders' Customs brokers' staff are certified, their capacities improved and maintained 	MIFFA	UMFCCI	JICA/UNESCAP/AOT	100'000

Strategic objective 1: Improve the quality of facilitation and logistical services by encouraging the development of skills and the adoption of best practices.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
1.4 Enhance the capacities of freight and logistics enterprises.	1.4.1 Develop and implement a programme to strengthen the capacity of transport and logistics companies in supply-chain organization, inventory management, processing and special services, and in the field of multimodal transport.	1	Multimodal transport operators, Logistics and supply chain service providers	<ul style="list-style-type: none"> » Vocational training program developed and self-sustaining. » Regular training and tests organised. » Freight Forwarders' Customs brokers' staff are certified, their capacities improved and maintained 	MoT/MoRT	MPA/ IWT/ MoCon/ MIFFA/ MMMDA/ MCBA	UNESCAP/JICA	1'000'000
	1.4.2 Encourage the creation of large and integrated transport and logistics companies capable of providing services nationwide, if not internationally.	1	Transporters	<ul style="list-style-type: none"> » Legal framework and adequate government incentives in place. 	MoT/MoRT	MIFFA/		200'000
	1.4.3 Develop and introduce integrated cold-chain management capacities at transport and logistics companies.	1	Exporters	<ul style="list-style-type: none"> » Vocational training program developed and self-sustaining. » Regular training and tests organised 	MoT	Customs/ MIFFA/ UMFCCI/ MCBA		300'000
	1.4.4 Develop and implement a programme to enhance the quality of ground transport fleets.	1	Transporters	<ul style="list-style-type: none"> » Quality management programme developed, » 10% of companied certified per year 	MoCon	MoT/MoRT		1'000'000
	1.4.5 Introduce modern ICT tools at transport and logistics companies through awareness-raising and trainings.	1	All operators	<ul style="list-style-type: none"> » Introduce legal requirement on paperless transactions for transport and logistics, » At least 10 large companies comply in 2 years 	MoRT	Myanmar Post and Tele-communications		2'000'000
1.5. Build business and export skills of farmers, processors and exporters	Hold regular training workshops with exporters in order to build their capacity in trade. These workshops, to be held in major cities, should increase exporters' knowledge and capacities in the following areas: trade documentation, customs procedures, tax systems, multimodal transport, international regulatory conventions, contracts and negotiation, insurance and financial products, rules of origin, domestic and international regulation, licensing requirements and procedures, certification requirements and procedures, HS codes, dangerous goods, etc.	1	Exporters, Traders	<ul style="list-style-type: none"> » A training workshop for exporters established and operational, » Increased number of traders and exporters trained and certified, » Exporters' skills and capacities in trade gradually improved 	MoC-TTI	Freight and custom brokers associations, MMMDA, MBA		2'000'000

Strategic objective 2: Improve facilitation and logistical capacities by encouraging the development of physical and non-physical infrastructure.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
2.1 Introduce an e-government system.	2.1.1 Perform a comprehensive review of ministry procedures and requirements in order to eliminate duplications in both procedures and document preparation.	1	All operators	<ul style="list-style-type: none"> » Review completed, » All duplications and overlaps eliminated, » New revised procedures introduced 	MoFR	Customs office	Nippon All Cargo Consolidation System (NACCS)	100'000
	2.1.2 Establish and introduce an e-government system at all ministries in order to facilitate information transfer and reduce redundancies. The e-government system shall be coordinated by MoC and serve as a single window for trade-related matters.	1	All operators	<ul style="list-style-type: none"> » E-government platform established in MoC and single-window compatible 	e.g. MoC	e.g. UMFCCI		500'000
	2.1.3 Enable online applications and payment for import/export licences, relevant certifications and permits, and any other procedures required by Customs.	1	Users	<ul style="list-style-type: none"> » Online platform established and operational, » Increased number of online transactions 	MoC	Customs office	NACCS	500'000
2.2 Upgrade the transportation network.	2.2.1 Modernize the road network by improving road conditions, expanding all-weather paving, expanding the road network and ensuring the network's proper maintenance. Introduce truck parks, maintenance and parking areas, and rest stops along major transportation corridors and in important transport nodes (Yangon).	1	Logistics service providers	<ul style="list-style-type: none"> » Appropriate legislation enacted, » Road rehabilitation and modernisation master plan approved, » At least 3 projects initiated in year 1. 	MoCon	MoT/MoRT/IWT/MPA	PPP	3'000'000
	2.2.2 Enhance the safety and efficiency of the inland waterway network by introducing night-time navigation systems.	2	Shipowners, users	<ul style="list-style-type: none"> » Night-time navigation systems, » Safety and efficiency increasingly improved, 	MoT	IWT		10'000'000
2.2.3 Expand the capacities at international airports to accommodate the growth in cargo volume.	2.2.3.1 Expand the capacities at international airports to accommodate the growth in cargo volume.	2	Customers, Logistics service provider	<ul style="list-style-type: none"> » Cargo terminals build or expanded at main international airports, » Handling capacity increased to match demand in 3 years 	MoT, Department of Civil Aviation (DCA)	MoT, DCA	PPP	n/a
	2.2.3.2 Introduce standardized aviation safety measures and security equipment at airports, such as explosive detectors, and create an international communications control unit.	1	Airport operators, Users	<ul style="list-style-type: none"> » Standardized aviation safety measures and security equipment introduced at airports in 2 years, » Airport safety increased, 	MoT, Ministry of Information, DCA	MoT, DCA, Ministry of Communications and Information Technology		n/a
2.2.5 Expand the reach of the national rail network and ensure the network's proper maintenance.	2.2.5.1 Expand the reach of the national rail network and ensure the network's proper maintenance.	1	Customers	<ul style="list-style-type: none"> » Rail rehabilitation and development master approved and published, » Rehabilitation projects for 3 major commercial links initiated in 2 years 	MoRT	MoCon/ MoT		1'000'000

Strategic objective 2: Improve facilitation and logistical capacities by encouraging the development of physical and non-physical infrastructure.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
2.2 Upgrade the transportation network.	2.2.6 Investigate, and if possible implement, ways to integrate Myanmar's railways with the regional network and facilitate the cross-border compatibility of trains.	1	Regional	<ul style="list-style-type: none"> » Feasibility study completed and published. » Recommendations examined and endorsed. » Implementation project developed 	MoRT	MoCon/ MoT		500'000
2.3 Upgrade the logistics infrastructure.	2.3.1 Enhance the efficiency of road transport by introducing truck terminals along major transportation corridors and in important transport nodes (Yangon).	2	Transporters	<ul style="list-style-type: none"> » Terminal availability increased to match demand in 3 years 	MoT/MoRT	MoCon	PPP	n/a
	2.3.2 Expand the use and stimulate the development of bonded warehouses through the identification of suitable locations at and near ports, airports, industrial zones, and special economic areas (especially Mandalay, Mu Se, and Myawady). Develop a pilot project for the construction of a sea-floating bonded warehouse. Ensure that all bonded warehouses are equipped with modern ICT, EDI and inventory management capabilities.	1	All operators	<ul style="list-style-type: none"> » At least one new bonded warehouse piloted per year 	MoT/MIFFA/UMFCCI/ MoRT/ MPA	Customs/MIFFA/ MoT/ MPA		5'000'000
	2.3.3 Develop and implement a plan to construct jetty and riverbank palletized cargo trans-shipment terminals along the rivers of the inland water system that include ICT systems and mechanized handling capacities, to increase efficiency and capacities while reducing the incidence of cargo damage.	1	All operators	<ul style="list-style-type: none"> » Jetty and riverbank palletized cargo trans-shipment terminals progressively modernised or built. » Reduced cargo damage rates 	MoT/IWT associations	MoT/IWT	PPP	n/a
	2.3.4 Develop and implement a plan to modernize the station facilities on the rail network, expand their capacities, and introduce ICT systems and mechanized handling in order to increase efficiency and reduce the incidence of cargo damage.	1	All operators	<ul style="list-style-type: none"> » Station facilities on the rail network and their capacities expanded. » Reduced cargo damage rates 	MoRT	MoT/MIFFA		n/a
	2.3.5 Modernize the maritime ports by expanding their capacities, upgrading equipment, expanding mechanized handling capacities, introducing ICT and EDI systems, and introducing modern container management and inventory systems.	1	Carriers, Non-Vessel Operating Common Carriers, Vessel-Operating Common Carriers	<ul style="list-style-type: none"> » Maritime ports capacities' expanded. » Cargo handling efficiency and timelines increased 	MoT	MPA/IWT/MIFFA	PPP	n/a
	2.3.6 Develop a dry port that is connected directly with the rail, road and seaport networks in order to reduce time, cost and port congestion while ensuring improved national capacities for shifting, consolidation, distribution, supply chain management and storage.	1	Third-party logistics providers	<ul style="list-style-type: none"> » 3 dry port projects initiated » 1 dry port operational per year 	MoT/MoRT	Customs office/MIFFA/IWT	UNESCAP	n/a

Strategic objective 2: Improve facilitation and logistical capacities by encouraging the development of physical and non-physical infrastructure.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
2.4 Develop cold chain management capacities	2.4.1 Construct warehouses and pack houses at airport, border trade zone (Wyawaddi, Muse).	2	Exporters, Importers, Traders, Freight forwarders	» New warehouses and pack houses built at Wyawaddi and Muse.	CDCs	UMFCCI Region Governments -Industrial zone committee		n/a
	2.4.2 Lobby "road transport authority" to allow trucks to integrate a generator for provision of electricity to refrigerate containers thus enabling them to provide cold storage. This is a temporary measure until the truck fleet is modernized.	1	Freight forwarders, Truck transport operators	» A petition submitted to MIFFA, » Regulatory framework adjusted accordingly	MIFFA	MOC, MoT, Sector associations		50 000
	2.4.3 Establish a priority lane for fresh products and perishables (as opposed to dry products) for processing by the X-ray scanner at ports in order to reduce the waiting times.	1	Exporters, Importers, Traders, Freight forwarders, Cargo service providers	» Priority lanes established in 50% of merchandise ports in year one, » 100% in year two » Waiting times reduced by 50%	MoF- Customs	Port Authorities		n/a
	2.4.4 Construct public cold storage facilities in major cities to better manage exports and imports of perishable goods.	2	Exporters, Importers, Traders, Freight forwarders, Cargo service providers	» Cold storage facilities build in all major cities in 5 years	UMFCCI (private operators)	Region Governments	JICA	n/a

Strategic objective 3: Amend the regulatory and oversight framework in order to facilitate a more efficient trade environment.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
3.1 Update air and marine regulations so that they are consistent with international standards.	3.1.1 Establish a working group (WG1) comprised of both public and private stakeholders in charge of identifying deficiencies in transport-related oversight and regulations in maritime and air transport.	1	Pure Freight Forwarders & Logistics Service providers, MTO, Traders	<ul style="list-style-type: none"> WG1 established; Regulation and oversight of maritime and air transport is strengthened and transparent 	MoT	MoT/ MPA/ DCA/ MIFFA/ MMMMDA/ MCBA		200'000
	3.1.2 Have Working Group1 prepare a study of the gaps between national and international standards with regards to both air and marine transport regulation and oversight as it applies to safety, security and facilitation.	2	Maritime and air transport operators; Traders	<ul style="list-style-type: none"> Study is conducted and published; Regulation and oversight of maritime and air transport is strengthened and transparent. 	MoT	MIFFA/ MMMMDA/ MCBA		200'000
	3.1.3 Introduce and approve new maritime legislation based on the working group's recommendations so that it is coherent with those adopted by the International Maritime Organization.	1	Maritime transport operators; Traders	<ul style="list-style-type: none"> New maritime transport legislation is passed in line with ASEAN and IMO standards 	MoT	MPA		300'000
3.2 Update inland water, rail and road transport regulations in order to improve service quality.	3.1.4 Introduce and approve new air transport legislation, based on Working Group 1's recommendations, so that it is coherent with that adopted by the international community and supported by the International Civil Aviation Organization.	1	Air transport operators; Traders	<ul style="list-style-type: none"> New air transport legislation is passed in line with ASEAN and ICAO standards 	MoT	DCA		300'000
	3.2.1 Have Working Group1 (see 3.1.1) conduct a study that identifies deficiencies in the inland waterway regulatory environment.	1	Ship operators Traders	<ul style="list-style-type: none"> Study conducted and published 	MOT/ Department of Inland Waterway Transport	IWT	Currently being drafted by Department of Inland Waterway Transport (under MoT)	100'000
	3.2.2 Introduce and approve legislation that establishes an adequate regulatory framework for national inland waterway transport while facilitating connectivity with regional networks.	1	Ship operators Traders	<ul style="list-style-type: none"> Legislation drafted and enacted 	MOT (Department of Inland Waterway Transport)	IWT	Currently being drafted by Department of Inland Waterway Transport (under MoT)	200'000
	3.2.3 Update relevant regulations in order to reduce documentation and simplify procedural hurdles required for inland water operators to purchase new vessels.	2	Ship operators Traders	<ul style="list-style-type: none"> Legislation updated and streamlined 	MOT (Department of Inland Waterway Transport)	Department of Marine Administration/MPA		100'000
3.2.4 Develop and introduce a standard cargo manifest system and ensure its adoption by road and rail logistics stakeholders.	3.2.4 Develop and introduce a standard cargo manifest system and ensure its adoption by road and rail logistics stakeholders.	1	All transport operators, Cargo services providers, Traders	<ul style="list-style-type: none"> Standard cargo manifest system introduced; Multimodal Law amended accordingly 	MOT/ MOR	MPA/DCA/MIFFA/ Truck Associations, Highway truck associations, MMMMDA/MBCA	Port EDI supported by JICA	2'000'000

Strategic objective 3: Amend the regulatory and oversight framework in order to facilitate a more efficient trade environment.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
3.3 Amend customs procedures in order to improve efficiency and guarantee transparency.	3.3.1 Eliminate the requirement of advance payment on income taxes.	1	Importers Producers	<ul style="list-style-type: none"> Advanced payment on income taxes requirement removed and legislation adjusted accordingly 	MoFR	Customs office	NACCS	25'000
	3.3.2 Eliminate the requirement of advance provision of payment on imports.	1	Importers Producers	<ul style="list-style-type: none"> Advanced payment on imports requirement removed and legislation adjusted accordingly 	MoFR	Customs office	NACCS	25'000
	3.3.3 Review and reduce document requirements for import/export licences.	1	Customers	<ul style="list-style-type: none"> Document requirements reduced to ASEAN average 	MoFR	Customs office	NACCS	100'000
	3.3.4 Simplify administrative procedures and streamline paperwork through the e-government system by reducing redundancy and ensuring the efficient sharing of information between all relevant organizations.	1	All operators	<ul style="list-style-type: none"> Online e-government client platform established and operational. Increased percentage of trade transacted through the platform 	e.g. MoC	e.g. UMFCCI		300'000
	3.3.5 Create a modern customs clearance management system based on risk assessment and management, and introduce an effective risk management system at relevant ministries and government bodies.	1	Importers; Exporters	<ul style="list-style-type: none"> Customs clearance system is in place. Average customs clearance time reduced to ASEAN average in two years. 	Customs Dept. (MoF)	MoC UMFCCI	UNESCAP, JICA and EU assistance	5'000'000
3.4 Amend financial regulations to facilitate modern payment mechanisms.	3.4.1 Update FDI regulations to allow foreign companies to open bank accounts, thereby allowing enterprises to engage in local account transfers.	2	All operators	<ul style="list-style-type: none"> FDI regulations updated, local account transfers increasing 	MIC/CBM	All related associations		100'000
	3.4.2 Remove restrictions in order to allow outbound US\$ transactions without Central Bank approval.	1	All operators	<ul style="list-style-type: none"> Restriction on foreign USD transaction removed 	CBM	Ministry of Finance and Revenue		100'000
	3.4.3 Enable international credit card payments.	1	All operators	<ul style="list-style-type: none"> International credit card payments enabled 	MoFR	Banks	PPP	100'000
3.5 Strengthen and formalize the public and private sector dialogue on TFL.	3.5.1 Create a public and private (50/50) technical group on TFL, mandated to meet regularly to implement a medium-to-long-term agenda on TFL. The group should have a formalized structure.	1	All operators	<ul style="list-style-type: none"> Technical group on TFL formally established, 	MoC/MoT/MoRT	All related associations		50'000
	3.5.2 Public and private sector members of the technical group on TFL to agree on a medium-to-long-term agenda for improving TFL issues.	1	All operators	<ul style="list-style-type: none"> Medium-to-long-term agenda adopted 	MoC/MoT/MoRT	All related associations		50'000
	3.5.3 Hold regular meetings of the TFL technical group to: <ul style="list-style-type: none"> Track implementation of the TFL agenda (bi-annual meeting); and Define immediate actions on solvable issues, on the implementation of which public and private sectors can cooperate. 	1	All operators	<ul style="list-style-type: none"> Implementation monitoring in place 	MoC/MoT/MoRT	All related associations		300'000
	3.5.4 On an annual basis, share the TFL agenda with donors to promote joint activities for TFL enhancement.	1	All operators	<ul style="list-style-type: none"> Donors consulted at least annually 	MoC/MoT/MoRT	All related associations		100'000

Strategic objective 3: Amend the regulatory and oversight framework in order to facilitate a more efficient trade environment.

Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
3.5 Strengthen and formalize the public and private sector dialogue on TFL.	3.5.5 Increase coordination through exchange of information, experience and knowledge between border authorities and private sector institutions on regulations, rules and costs to ensure that issues can be tackled as they arise, and that regular information is disseminated to exporters either through weekly newsletters, a portal, or mass emails.	1	All operators	» Discussion and coordination groups established and meeting regularly	MoC/MoT/MoRT	All related associations		200'000
3.5.6 Create collaboration between the private and public sectors to streamline procedures such as obtaining a licence, Certificate of Origin, standard certificates, etc. and ensure sustainability of these procedures (electronic documents and electronic applications) in order to speed up processes and reduce unwarranted costs and time wasting.		1	All operators	» Specific working group or discussion and coordination groups established and meeting regularly	MoC/MoT/MoRT	All related associations/UMFCCI		200'000

Strategic objective 4: Ensure that exporters have sufficient knowledge and capacities to meet TFL requirements.

Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
4.1 Facilitate the diffusion of TFL requirements through a PPP.	4.1.1 Create Working Group 2, comprised of public and private sector stakeholders tasked with ensuring that TFL information is regularly diffused to stakeholders (may be the same as the technical group in 3.5).	1	All operators	» Working Group 2 established, » Information regularly disseminated	MOC	UMFCCI		50'000
4.1 Facilitate the diffusion of TFL requirements through a PPP.	4.1.2 Provide a series of capacity-building (train the trainer) seminars to this group that will enable them to fulfil their role as an anchor of knowledge with regards to TFL.	1	All operators	» Train the trainer workshops conducted,	MOC/MIFFA/UMFCCI	MMMDA/MMU/TVET	UNESCAP/AFFA FIATA	50'000
	4.1.3 This group shall hold regular seminars/meetings with stakeholders in which they discuss developments, prospects and problems related to TFL in Myanmar and important trade partner countries.	1	All operators	» Main trading partners included in the working group	MOC	MIFFA	TTI	300'000
	4.1.4 This group shall hold regular training sessions with stakeholders in which they help them prepare to confront TFL issues in Myanmar and important trade partner countries. These sessions should increase exporter knowledge and capacities in the following areas: » Trade documentation; » Customs procedures; » Tax systems; » Multimodal transport; » International regulatory conventions; » Contracts and negotiation; » Insurance and financial products; » Domestic and international regulation; » Licensing requirements and procedures; » Certification requirements and procedures; » Dangerous goods, etc.	1	All operators	» Training sessions regularly conducted	MOC	MIFFA/UMFCCI	TTI/MIFFA	500'000

Strategic objective 4: Ensure that exporters have sufficient knowledge and capacities to meet TFL requirements.								
Operational objective	Activities	Priority 1=high 2=med 3=low	Beneficiaries	Targets	Leading implementing partner	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
4.1 Facilitate the diffusion of TFL requirements through a PPP.	4.1.5 This group shall organize participation in international TFL fairs.	1	All operators	» Increased participation in international TFL meetings and conferences	MOT/MOC	MIFFA/UMFCCI MECB	TTI/MIFFA/MCBA	500'000
4.2 Create a one-stop shop web portal containing updated and transparent information on the TFL environment.	4.2.1 A web portal shall be created and maintained by MoC in conjunction with Working Group 2 (see 4.1.1). 4.2.2 In addition to the creation of the portal diffusion site, the Ministry will ensure the creation of a reliable system for gathering, filtering, and streamlining relevant information. 4.2.3. Set up, update, and maintain an internet portal to provide news, statistics, and information relating to export news (Customs, TFL, finance, trade law, etc.) in Myanmar and important trade partner countries. The information contained in this portal should be integrated with the e-government single window. Among others, the website shall contain sections on: General and product-specific customs and licensing procedures Market demand and market access conditions General and product-specific certification procedures and requirements Dangerous goods and restrictions Ports, warehousing, cargo and transport services Business matching	1	All operators	» Portal established and regularly updated » E-government platform implemented and used	MOC/MOT/MOR MO REVENUE MOC/MOT/MOR MO REVENUE	UMFCCI/MIFFA MPA/DMA UMFCCI/MIFFA MPA/DMA		200'000 100'000
		3	All operators	» Trade Information Portal set up, operational and compatible with future single window project, extensively used by traders	MOC/MOT/MOR MO REVENUE	UMFCCI/MIFFA MPA/DMA/MMMDA/ MBCA/ MCTA/IWA		500'000

APPENDIX 1: MEMBERS OF SECTOR TEAM

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4	U Myint Soe	Director	Ministry of Commerce	
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14	U San Htay Bo	Manager	Myanmar Port Authority	
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16	U Hla Win		Staff Officer	Ministry of Commerce
17	U Yan Aung	Head of Department	Myanmar Costal Shipping Association	
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23	U Ko Ko Naing	Joint Secretary	Myanmar Highway Trucks Association	
24	U Min Kyi	General Manager	MITT	
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26	Daw Hla Hla Yi	Secretary/coordinator	MIFFA	honeytha373@gmail.com
27	U Aung Myo Thu			
28	Mr. Kazuo Mishima	Observer	JICA/TTI	
29	Mr. Ohtsuru	Observer	JICA/TTI	

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