

Trade-Facilitating Public-Private Partnerships in Myanmar

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**Colombo, Sri Lanka
31 October 2012**

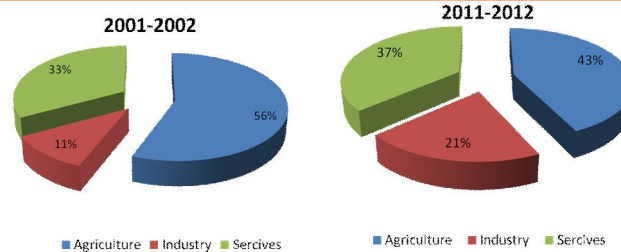
Good Morning everybody. My name is Aung Khin Myint, chairman of Myanmar International Freight Forwarders Association (MIFFA) and joint secretary-general of UMFCCL. Myanmar Federation of Chambers of Commerce and Industries. I am honored to speak at Asia-Pacific Trade Forum.

Outline

- n Trade Pattern and Trade Statistics
- n Recent Trade Facilitation Measures
- n Challenges in Trade
- n Public-Private Partnerships: Current Activities
- n Public-Private Partnerships: Opportunities
- n Recommendation.

Today I will present the trade-facilitating public-private partnerships in Myanmar. First, I will briefly talk about trade patterns and statistics. Then I will introduce the recent measures taken by government to facilitate international trade. I will also present the challenges that Myanmar faces and discuss how we can overcome those challenges with public-private partnerships. I will conclude by discussing the current activities and opportunities for PPPs.

Economic Structure of Myanmar

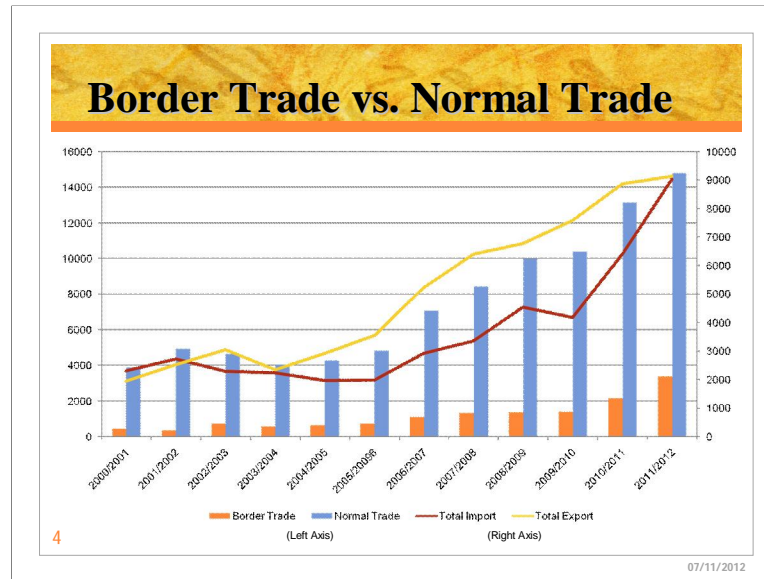


- Myanmar is still agricultural country, it contribute the largest share of GDP as well as total labor force
- There is no significant change within one decade

3

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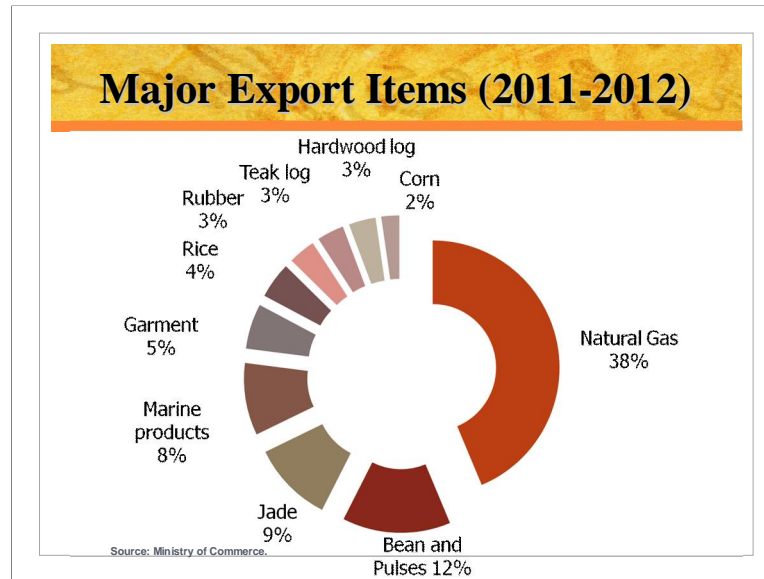
Myanmar remains an agriculture-based economy although industry and service sectors are growing slightly.



Both normal and border trade increases significantly during the past 12 years. That implies that both export and import increases. However, if we look at the export and import trends carefully, we will find export increasing at much higher rate than import, mainly due to natural gas export to Thailand.

We will also find that the recent trade facilitation measures, particularly in border trade - I will discuss in the following slide - yet to take effects, leading to an increase in import volume. In my opinion, this is mainly due to the prevailing practice of not registering border trade activities. The extremely restrictive measures of the past compelled the border trade businesses to resort to "parallel trade" activities, which they become additive.

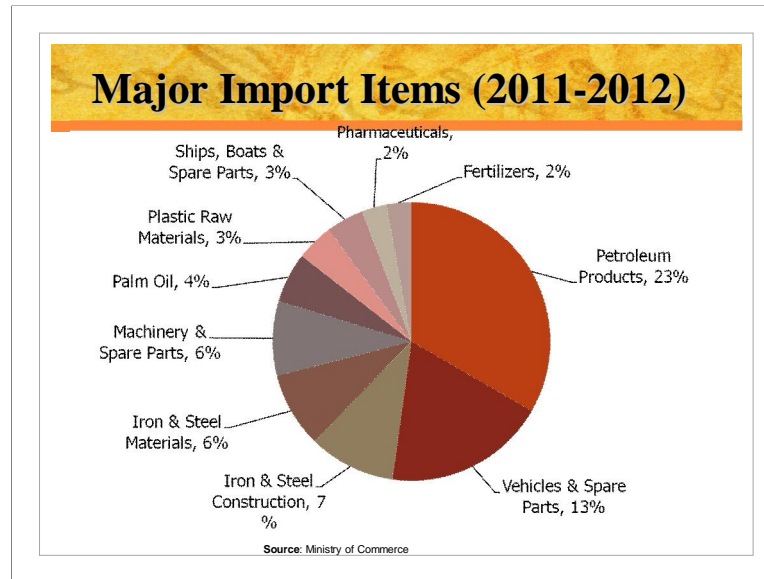
"Parallel trade" is the euphemism used to describe the illegal trade through border areas.



You can see that Myanmar's largest export item is natural gas (sold at contracted fixed prices);

We are exporting beans and pulses

We are exporting jade



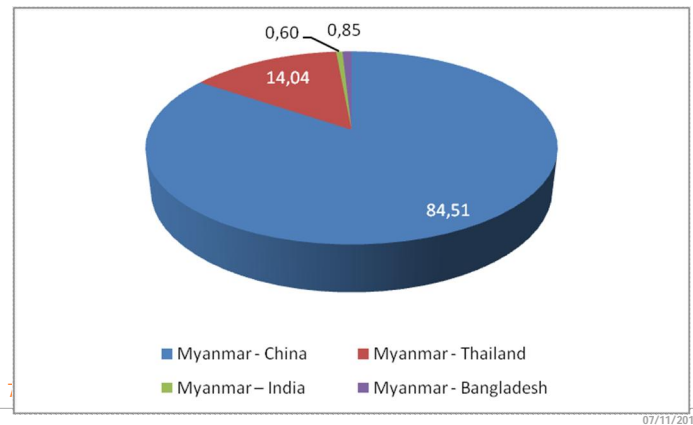
her largest import item is petroleum products including diesel (purchased at spot prices).

while importing “vehicles and parts”.

importing iron and steel construction material.

That unavoidably leads the observation that we are exporting the raw materials while importing consumer goods and semi-finished products.

Trade with Neighbors 2010/2011



Most of our top import items are mainly from our neighbors, China and Thailand, 84.5% with China, 14.0% with Thailand.

Trade Facilitation Measures

- n Commercial tax and Income tax for export - 10% to 0 % (except for 18 special commodities such as cigarettes and alcohol)
- n Income tax- 10% to 0% (CMP exports)
- n Allow new export and import items
- n Promulgate Export Import Law in September 2012
- n Reduce cargo inspection stations at road checkpoints
- n Remove monopoly in trading (e.g. palm oil, diesel)
- n **Automation of trade procedures**
 - n **Online Licensing system**
 - n **Border Trade Online System (BTOS)**



Liberalized Market for Automobiles New & Second Hand....

Short of time, I cannot touch on the details of trade facilitation measures recently taken by government, particularly by Ministry of Commerce.

Implementation of Trade Facilitation: ICT in Trade

Import-Export Licensing & Permit System

Advanced Reports -> Export Permit | Export Licence | Import Permit | Import Licence | Adv Search | New HSCode | List HSCode

StartDate: 2/1/2004 EndDate: 2/1/2004 Search

Page: 1 2 3 4 5

ALL DCC Report | Create a new Application | Created Licence

Application	Status	Control
1. [Link]	License No : 2002 Date of Valid : 21/03/05 Proposed Date : 20/03/01	[Icon] next print form Create a Licence Edit Draft Report Attach List
2. [Link]	License No : 6/12 Date of Valid : 20/06/04 Proposed Date : 29/07/04	[Icon] next print form Create a Licence Edit Draft Report Attach List
3. [Link]	License No : 14006 Date of Valid : 03/06/04 Proposed Date : 20/07/04	[Icon] next print form Create a Licence Edit Draft Report Attach List
4. [Link]	License No : 1405 Date of Valid : 16/09/04 Proposed Date : 24/07/04	[Icon] next print form Create a Licence Edit Draft Report Attach List
5. [Link]	License No : 9000 Date of Valid : 16/09/02 Proposed Date : 28/07/04	[Icon] next print form Create a Licence Edit Draft Report Attach List
6. [Link]	License No : 9000	[Icon] next print form Create a Licence Edit Draft Report Attach List

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This is a screenshot of online licensing system interface.

One-Stop-Services for Border Posts

One-Stop-Services for border posts:

- n Department of Border Trade
- n Customs Department
- n Department of Internal Revenues
- n Myanma Economic Bank
- n Department of Immigration
- n Myanmar Police Force

10

In order to facilitate the border trade, particularly at the two most important posts, with China and Thailand, the government established the one-stop-service with the participation of many related departments, you can see on the slide.

Implementation of Trade Facilitation: ICT in Trade



This is Border Trade Online System (BTOS) used at the above-mentioned two border trade posts. I hope that more of such kind will soon be available in other border trade posts.

Government supervise policy and control matters only.

80% of operation is done by Private Co:.

FYI, Trade Facilitation Committee is going to form soon.

Automatic licensing system is already implemented.

Please go and see MOC web site.

Implementation of Trade Facilitation: ICT in Trade

Q Since 2001, Ministry of Commerce launched Ministry's homepage on government website, www.myanmar.com.

Q In August 2003, Ministry of Commerce got domain name and launched Ministry's Website separately, www.commerce.gov.mm. Both Myanmar and English language are available..

Q In August 2004, Ministry of Commerce launched the local web-based application named Import Export License & Permit System (IELPS).

Q In 12 February 2006, another e-commerce website named www.myanmartradenet.com.mm was launched. In 2008, trade related companies can apply export/import licenses via this website.

Q As well as in border areas, Border Trade Online System(BTOS) System have been implemented since in January 2007.

Challenges

- n Trade and transport infrastructure insufficient to engage in efficient supply and value chains (e.g. below ASEAN Highway standards)
- n Lack of modern technology and application as well as modern machineries and devices to support trade facilitation
- n Lack of modern financial facilities
- n Shortage of skillful persons
- n Low capacity of private sector in international business practice and standards (e.g. no written contract)
- n Lacking coordination between public and private sector

Although many measures facilitating trade are recently taken, we are still facing some challenges. For example, Ministry of Commerce is taking the lead in facilitating international trade; however, some related ministries are not catching up. For instance, there 13 border posts along Myanmar border Area. BTOS system is successfully installed and applied in Muse and Myawaddy, the two largest border posts in China and Thailand border.

However, As I mentioned earlier the rest 11 border posts can only used export/import license module because of lack of cooperation and lack of resources. Therefore, we need to upgrade BTOS system in these border posts.

In a near future, Myanmar is preparing to open new 3 to 5 border posts which are situated on Corridors of GMS at Thailand and China border.

Similarly, Myanmar has to prepare for border trade facilitation, cross border movement and cross border security management in effectively and efficiently manners under AEC and GMS CBTA agreement.

Allow me to continue to share my view about Myanmar e-customs system. Myanmar Custom's department was implementing the e-customs system since 2008.

But there are facing some challenges , like Users are not familiar with e-customs system and their IT skills are very weak. On the other hand Full cooperation from the other organizations and departments are also weak. Still under testing stage.

Now, Myanmar customs is negotiating with foreign software companies for establishing software to implement National Single Windows and e Customs system, but still finding good private partner. Right now, only 3 ministry MOC, MOT, MOR participate in NSW.

The Main Reason is Budget limitation We need a lot of assistance in implementing trade facilitation and seamless trade

Public Private Partnerships: Current Activities

- n Cooperation with national Chamber of Commerce and Industries
- n Training Courses for International Trade Institute
- n Setting up Consumer Protection Law and Competition Law under AEC Blueprint.
- n Public Exim Bank

14

In order to overcome the above-mentioned challenges, these are the current PPP activities.

Cooperation with UMFCCI

- n Continually seeking input and feedback from private sector, led by UMFCCI
- n Workshops on trade facilitation
- n Dialogue to sort out some possible misunderstanding at this early stage of public-private partnerships

15

The new, elected government led by President U Thein Sein, is continually seeking input and feedback from private sector, led -by Myanmar Chambers of Commerce, on a variety of policies and laws.

The related government ministries also conduct trade facilitation seminars, workshops such as policies, procedures, etc.

The new government is less than two-year-old.and so is the cooperation with the private sector. It is yet to fully distinguish public sector's role and private sector's role; consequently some misunderstandings are possible and dialogue is essential.

Sincerely speaking we do not clear what is public sector's role and which are private sector role at the moment.

I am sure that the cooperation will become effective and efficient in the near future.

Training for International Trade



- n Training for private sector
- n Import and Export procedures

The International Trade Institute founded by the Ministry of Commerce offers several levels of international trade courses, designed to prepare businesses and individuals with international trade, specifically export and import procedures. I mean Resources persons are from not only Government experiences officers but also most resources are from private sectors.

Trade Facilitation: EXIM Bank Initiatives

- n Plan to transform Myanmar Citizens Bank into Exim Bank
- n Corporatization (65% of shares to be sold to public)
- n more than half of board memberships to be elected by shareholders

17

07/11/2012

MOC is Plan to transform Myanmar Citizens bank into Export , import Bank.

Public Private Partnerships: Opportunities

- n Trade and Transport Infrastructure

- n Trade Portal

- n Private VAN

- Ø dry ports,
- Ø Container Freight Stations
- Ø Inland Container Depots
- Ø Bonded Warehouses
- Ø Distribution/Processing/Transfer Centers

18

The potential areas for PPPs in trade and transport infrastructure is in construction of Private VAN, trade portal Like China, Thailand for paperless trade, dry ports, container freight stations, inland container depots, bonded warehouses, distribution centers, process centers, cargo transfer centers, truck parks, etc.

Recommendation: Priority Item for Assistance

- n Upgrading BTOS System in existing border posts
 - n Implementing BTOS System in new border posts
 - n Technical and materials assistances for Trade Institute
 - n Assistance for Capacity Building programs for government's staffs
 - n Assistance for Public Awareness Programs to enhance PPP
 - n Assistance for establishing EXIM Bank
 - n Assistance for e-Customs system and implementation of
- 19 NSW.

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Conclusion, The Priority items for assistances are as follows.

I like to make Special request to UNESCAP, please do one Logistics survey in Myanmar like Logistics Performance indicator from world bank.

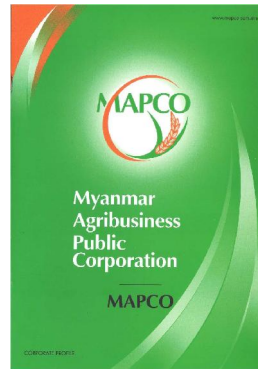


Thank You Very
Much For Your Kind
Attention!





Public-Private Partnership



- n Government, Cooperatives and Corporation
- n e.g. Low-interest loans for farmers right after harvest season

Another example of public-private partnership is the establishment of a public corporation called MAPCO.

Myanmar Agri-business Public Corporation (MAPCO) is a non-governmental public corporation, recently established, 2012 exactly. MAPCO is formed to mobilise public savings and to foster broader investment in agriculture and agro-based industries of Myanmar. One way MAPCO applies “to improve the components of supply chain” and at the same time to “promote farmers’ welfare” is to establish a program jointly with from government and cooperative (equal contributions), a program aimed to provide loans for farmers at low-interest rates, only taking the paddy as mortgages so as to help avoid Myanmar farmers from selling their crops at seasonally low prices right after the harvest season in order to meet their immediate needs and financial obligations.