



TRADE POLICY REVIEW

REPORT BY

MYANMAR

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Myanmar is attached.

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1 INTRODUCTION

1.1 Introduction

1.1. Myanmar finds itself in a process of intensive development and reform. Over the past years, the Government of Myanmar has embarked on a wide range of regulatory and institutional reforms to open the country's economy and boost its development, *inter alia* through the autonomous lifting of restrictions on investment and the liberalization of trade in goods and services, greater integration into and embeddedness in the region, and intensified engagement at the multilateral level, not least in the WTO. The country's ongoing process of economic transformation encompasses and builds on interconnected elements, including diversification, modernization, liberalization, facilitation and sustainability.

1.2. Important initiatives since the last TPR include the Myanmar Investment Law of 2016, which lowered entry barriers, streamlined procedures and put in place a dispute settlement mechanism, and the Myanmar Companies Law of 2017, which modernized the regulatory framework for company activities. The Arbitration Law of 2016 and the Insolvency Law of 2020 are further cornerstones in the effort to improve the business climate in the country. The Myanmar Sustainable Development Plan (MSDP) (2018-2030) is the guiding document to Myanmar's efforts to create a more resilient economy and to facilitate the emergence of a more prosperous, peaceful and democratic Myanmar while the COVID-19 Economic Relief Plan (CERP) and the forthcoming Myanmar Economic Resilience and Reform Plan (MERRP) serve to mitigate the economic impact of the COVID-19 pandemic.

1.3. These reforms are underpinning significant progress in terms of growth and poverty reduction, supported by FDI and robust public investment funded by natural resource revenues. Key avenues to success are the scaling up of physical and human capital, improvements in regional connectivity, an emphasis on good governance and transparency, and improved spending efficiency. Some of the progress made is reflected in international indicators. Myanmar's ranking for the category "starting a business" in the World Bank Doing Business Ranking improved significantly in only a few years, from 189 in 2014 and 152 in 2018 to 70 in 2019. Likewise, the OECD FDI Regulatory Restrictiveness Index indicates notable improvements in recent years as regards the level of restrictions affecting foreign investors. Indeed, between 2013 and 2019, the level of restrictions decreased by 75% in overall FDI, by 78% in the manufacturing industry, and by 95% in the communications sector. In addition, Myanmar's enhanced trade performance is another reflection of the progress made. Myanmar's trade as a proportion of GDP has increased from around 42% in 2013/14 to nearly 50% in 2018/19.

1.4. Myanmar's goal is to foster a gradual structural transformation from the current reliance primarily on agriculture and mining towards a more diversified economy with expanded industry and services sectors.

1.5. Agriculture is a major contributor to economic output, export earnings, and employment in Myanmar. Agricultural exports will continue to be a key pillar of growth for the economy; moreover, with its improving productivity, the sector is expected to further raise rural income. The Government remains committed to further developing the sector, not least through improvements in infrastructure, access to financing, and strengthening the agri-food health and safety regulatory and institutional frameworks. Trade promotion, trade facilitation and improved connectivity to export markets, including through trade agreements, form part of the vision for the sector's development.

1.6. However, sustainable development in Myanmar requires diversification and a structural transformation towards the manufacturing and services sectors. Key initiatives to promote manufacturing include the creation of Special Economic Zones (SEZs) and policies to attract FDI, providing an enabling business environment, better access to finance, greater development and protection of intellectual property, better conditions for competition, in addition to promoting e-commerce and MSME development.

1.7. In services, the liberalization of distribution, financial, telecommunication, and tourism services, among others, aim to develop these sectors and to secure key inputs to the economy as a whole. With a modern investment framework in place and an improved overall business environment, as well as the liberalization efforts undertaken, Myanmar aims to attract further FDI.

The Government is keen to further develop key infrastructure services such as electricity, energy, logistics, transport and ICT, including through public-private partnerships (PPP).

1.8. The reform process itself has improved the partnership between government and business – and civil society – in Myanmar. In drafting the laws and formulating its policies, the Government went through thorough vetting processes with the business community and the public, which further improved government transparency and dialogue with the private sector.

1.9. Myanmar has embraced and is actively relying on guidance from multilateral and regional instruments to formulate and implement its reforms. These include the 2030 Agenda for Sustainable Development Goals (SDGs), as well as the WTO and regional agreements and initiatives. There has been important progress in aligning domestic policies with the WTO and ASEAN, ASEAN Plus and RCEP. Specific areas include several ASEAN agreements which were signed by/entered into force in Myanmar since the last TPR, such as the ASEAN Framework Agreement on Trade in Services and the ASEAN E-Commerce Agreement and the Regional Comprehensive Economic Partnership (RCEP) Agreement concluded in November 2020.

1.10. The Government of Myanmar supports the aim to form an ASEAN Economic Community, and sees its embeddedness in the region as a key element of its vision for the future, while promoting its engagement, and strengthening its bilateral relationships, with its trading partners.

1.2 Looking Ahead

1.11. The Government of Myanmar is committed to maintaining the momentum of the reform agenda towards greater trade openness, diversification of the economy, and the development of manufacturing, services and agriculture. This includes, among others, enhancing the competitiveness of the financial sector and increasing financial inclusion.

1.12. Further reform work in the area of trade and trade policy is a key element of the Government's vision for the future. This encompasses further careful relaxation of trade rules and the reduction of non-tariff measures, steady advancement on the path towards further bilateral engagement, regional integration, and further proactive integration at the multilateral level.

1.13. Myanmar is a committed, active Member of the WTO, and the organization's principles are the main guiding lights for its national trade policy. Myanmar sees itself as a contributor to the further evolution of the system. It participates actively in the fisheries subsidies negotiations as part of the LDC Group, aiming to foster an outcome that is both ambitious and fair, and has joined the JSIs on e-commerce, investment facilitation and MSMEs. Myanmar is considering becoming an observer to the WTO Agreement on Government Procurement.

1.14. In these times of uncertainty and rapid change (trade tensions, rising protectionism, challenges faced as a result of the COVID-19 crisis) Myanmar has remained committed to maintaining open and connected supply chains and to upholding the principles of the multilateral trading system. In this spirit, in April 2020 Myanmar co-sponsored a joint ministerial statement at the WTO affirming its commitment to ensuring supply chain connectivity amidst the COVID-19 situation. Myanmar reaffirmed this commitment in the Declaration of the Special ASEAN Summit on COVID-19 also in April 2020 and in the Joint Media Statement of the Eighth EAS Economic Ministers' Meeting in August 2020.

1.3 COVID-19: Impact and Mitigation Measures

1.15. The COVID-19 pandemic impacted all productive sectors of Myanmar's economy, interrupting Myanmar's economic growth and shifting the Government's attention to emerging health, economic and social priorities.

1.16. The global disruption of manufacturing supply chains, and the decline in external demand that followed, caused a contraction of industrial production and employment in the manufacturing sector. Myanmar's garment sector under CMP was particularly hit by the crisis. The services sector – in particular tourism, transport, retail and wholesale, and construction services – was significantly impacted by the crisis. With declines in fishery and livestock output, the agriculture and fisheries sector was also affected. Lockdown measures, the significant slowdown of economic activity, and

travel bans, caused adverse effects on labour (including migrant labour) and led to significant job losses and a reduction in remittances.

1.17. To mitigate the impact of the COVID-19 pandemic on the economy, social welfare and public health, the Government of Myanmar announced a set of initial measures, followed in April 2020 by an ambitious COVID-19 Economic Relief Plan (CERP) which outlined immediate and short-term actions to be taken with the objective of improving the macroeconomic environment through monetary stimulus, easing the impact on the private sector through improvements to investment, trade and banking sectors, mitigating the impact on workers and households, promoting innovative products and platforms, strengthening the healthcare systems and increasing access to COVID-19 response financing (including contingency funds).

1.18. Several initiatives have been carried out to implement the CERP, including tax relief and low interest short-term loans to SMEs affected by the pandemic. In addition, in May 2020 the Central Bank of Myanmar (CBM) reduced the interest rate by 3%, in an effort to facilitate access to credit and ease cash flow problems. The authorities further deferred tax payments and offered tax exemptions for the affected businesses and sectors.

1.19. The Government made a specific effort to align its crisis response with its longer-term trade policy. To facilitate social distancing, for example, the Government accelerated its trade facilitation reforms, offering, among others, online import and export licenses for about 1,420 HS lines (10 digit) as of October 2020 and reducing document requirements and accepting electronic copies when using the Myanmar Automated Cargo Clearance System (MACCS).

1.20. To facilitate the importation of medical supplies and products used for the prevention, control and treatment of COVID-19, the Government exempted imports of these goods from customs duties if recommended by relevant agencies and waived commercial taxes on these goods. In addition, these imports were treated as "important goods" and released soon after arrival in line with the Risk Management System. To fast track the importation of essential medical supplies and products, the Department of Food and Drug Administration under the Ministry of Health and Sports relaxed certain importation requirements on these imports.

1.21. Securing access to essential medicine and food to combat COVID-19 is a priority for Myanmar. Myanmar cosponsored the Statement made by Chad on behalf of the LDC Group at the WTO on 4 May 2020 on Securing LDCs Emergency Access to Essential Medical and Food Products to Combat the COVID-19 Pandemic.

1.22. In designing and formulating its response to the COVID-19 crisis, the Government conducted stakeholder consultations with the private sector and its institutions, including foreign chambers of commerce.

1.23. The Government is currently drafting the Myanmar Economic Resilience and Reform Plan which will serve as the Government's medium to long term response to the economic impact of the COVID-19 pandemic with the view to reviving the national economy.

2 ECONOMIC DEVELOPMENT, TRADE AND INVESTMENT AND THE WIDER REFORM AGENDA

2.1 Economic Developments and Cross-Cutting Initiatives

2.1.1 Economic developments

2.1. Myanmar has been on an impressive growth trajectory during the review period, with real GDP growth averaging 6.6% annually between 2015/16 and 2018/19.¹ The Government estimates that the GDP growth rate will drop to 4.3% for the fiscal year 2019/20 due to the recent disruptions to supply chains, lockdown measures, reduction of external demand and travel bans associated with the COVID-19 pandemic, before picking up again to reach 6% in 2020/21.²

¹ Planning Department, Ministry of Planning, Finance and Industry.

² Planning Department, Ministry of Planning, Finance and Industry.

2.2. Services, agriculture, fisheries, mining and manufacturing are key in supporting Myanmar's economic growth. Services are the largest sector of the economy, with an increasing contribution to GDP that reached 40.7% in 2018/19, followed by manufacturing (24.8%), agriculture, forestry and fishing (21.3%) in 2018/19.³

2.3. Myanmar's trade has increased in recent years, with exports of goods and services growing at an annual average rate of 14.1% between 2014 and 2018.⁴ Data for 2019/20 shows a reduction in exports of goods and services, primarily due to the COVID-19 pandemic.⁵

2.4. The total value of goods exports (FOB) increased from USD 11,452 million in 2014 to USD 16,704 million in 2018.⁶ Main exports include liquefied natural gas, garment, rice and broken rice, jade and mineral and ores. Myanmar's main export markets are China, Thailand, Japan, Singapore and India.

2.5. The total value of imports (CIF) increased from USD 16,220 million in 2014 to USD 19,355 million in 2018.⁷ Myanmar's main imports are petroleum products, vehicles and spare parts, machinery and spare parts, iron/steel construction materials and iron and steel products, with China, Singapore and Thailand as main source markets.⁸

2.6. The recent liberalization measures and regulatory developments in the investment regime spurred the flow of foreign investment during the review period; the sectors attracting FDI include in particular energy, oil and gas, manufacturing, transport and communication.

2.7. The average inflation rate during the review period was of 5.81% and was relatively stable in comparison to other periods. The country's average fiscal deficit to GDP was of 3% between 2015/16 and 2018/19, and the average government debt to GDP amounted to 37.7% during the same period.⁹

2.8. Despite the encouraging economic performance, Myanmar's economy still faces structural challenges. Even though significant efforts were undertaken during the review period, poverty and unemployment rates remain high. The total labour force participation rate in 2019 was 59.4%, and it was even lower (45.3%) among the youth¹⁰, while informal employment remained high (80% in 2018).¹¹ Despite the strong efforts made to reduce poverty, the poverty rate (24.8%) in 2017 remains high.¹²

2.1.2 Cross-Cutting Initiatives

2.9. The Government of Myanmar adopted several initiatives, policies and reforms during the review period with the objective of achieving sustainable development and economic transformation.

2.1.2.1 Adoption of key initiatives and policies

2.10. Key among these initiatives is the 2016 Myanmar Economic Policy, which aims to achieve inclusive and continuous development through a better public financial management, improving the operations of state-owned enterprises (including through privatization), promoting human capital development and job creation, a rapid development of infrastructure, balancing agriculture and industry, fostering private sector growth in line with market economy principles, protecting

³ Planning Department, Ministry of Planning, Finance and Industry.

⁴ Viewed at: <https://data.worldbank.org/indicator/NE.EXP.GNFS.KD.ZG?locations=MM>.

⁵ Viewed at: <https://www.imf.org/en/News/Articles/2020/07/07/na70720-myanmars-economy-in-the-time-of-COVID19-six-charts>.

⁶ Central Statistics Organization, Ministry of Planning, Finance and Industry.

⁷ Central Statistics Organization, Ministry of Planning, Finance and Industry.

⁸ Central Statistics Organization, Ministry of Planning, Finance and Industry.

⁹ Fiscal Year 2020-2021 Citizen's Budget Report.

¹⁰ Viewed at: https://www.ilo.org/gateway/faces/home/statistics?_adf.ctrl-state=w395aw5zo_4&locale=EN&countryCode=MMR.

¹¹ Viewed at: <https://ilostat.ilo.org/topics/informality/>.

¹² Viewed at: <https://www.worldbank.org/en/country/myanmar/publication/poverty-report-myanmar-living-conditions-survey-2017>.

intellectual property rights and the rule of law, developing a fair and efficient tax system, and encouraging increased FDI flows.

2.11. In 2018, the Government further adopted the Myanmar Sustainable Development Plan (2018-2030), which outlines the Government's priorities and reform agenda. Structured around three pillars, five goals, twenty-eight strategies and two hundred and fifty-one action plans aligned with the SDGs, the 2016 Myanmar Economic Policy, and various other commitments, the MSDP provides an integrated set of strategic goals and action plans to be pursued by the Government over the medium to long term to achieve a genuine, inclusive and transformational private sector-led economic growth. The MSDP Implementation Unit consists of key entities including the National Economic Coordination Committee (NECC) and the Development Assistance Coordination Unit (DACU), both are headed by State Counsellor, Daw Aung San Suu Kyi,

2.12. Moreover, in 2019, the Government adopted the Financial Inclusion Roadmap (2019-2023), which aims to increase the financial inclusion of adults from 48 to 60% by 2023 through five strategic pillars: (i) increased access to finance for the low-income segment to support household resilience and reduce poverty, (ii) increased access to finance for SMEs and farmers, (iii) increased savings mobilization across all segments to enhance household resilience and fund investments, (iv) exploiting the potential of digital financial services to broaden the reach of financial services infrastructure, including through prioritizing digital channels for government payments, and (v) empowering customers through enhanced customer financial literacy and consumer protection.

2.13. Myanmar's national development plans are anchored in and geared towards achieving the SDGs. Progress was made in regard to health, education, water and sanitation. The Government is also keen to achieve universal access to electricity by 2030, in line with the National Electrification Plan. As of December 2019, Myanmar has achieved 50 percent of nationwide electrification. The Government encourages renewable energy generation. The Government also seeks to achieve more progress in infrastructure development in the near future and welcomes the support of its international partners in helping it achieve its development goals and fulfil the SDGs by 2030, as outlined in the MSDP.

2.1.2.2 Developments in the digital economy

2.14. Conscious of the importance of digitalization for Myanmar's economic transformation, the Government of Myanmar developed and adopted various initiatives during the review period that aim to accelerate its transition to the digital economy and to building a safe and business-friendly e-commerce ecosystem.

2.15. The transition to a digital economy has been mainstreamed in the MSDP under the Strategy 3.7 which aims to encourage greater creativity and innovation contributing to the development of a modern economy.

2.16. In 2018, the Government established the Digital Economy Development Committee (DEDC) with the Vice President as a patron. DEDC has five sub-committees including the Digital Trade and E-Commerce Development Sub-Committee chaired by the Deputy Minister of the Ministry of Commerce (MoCOM). In 2019, the DEDC adopted the *Digital Economy Roadmap*, which has four pillars: digital transformation, digital government, digital trade and digital society. The Roadmap offers concrete goals and short and long-term action plans for nine priority areas. Those are education, healthcare, agriculture, fishery and livestock, tourism and hospitality, manufacturing and SME, financial services, technology sector and startup ecosystem, digital trade and transportation and logistics. DEDC is currently developing a detailed action matrix to implement the Roadmap.

2.17. With technical support from UNCTAD, MoCOM concluded the *Rapid e-Trade Readiness Assessment* in 2018, a very useful stocktaking exercise across seven policy areas. It is now in the process of finalizing the first National E-Commerce Strategy (2020 – 2025) with funding support from the Enhanced Integrated Framework (EIF). MoCOM, in its capacity as the lead government agency for e-commerce acceleration, has been able to mobilize resources from multiple development partners to support its work on the digital economy.

2.18. Regulatory developments of relevance to the digital economy include the development of IPR laws including on copyright (awaiting adoption), the Law Amending the Myanmar Evidence Act

(2015) which provides a legal framework for electronic authentication, the Mobile Financial Services Regulation (2016) and a draft Cyber Security Law.

2.19. Progress was made in enhancing connectivity and digitalizing financial services, including through the adoption of the Myanmar National Payment System Strategy and the introduction of CBM-Net2, an updated version of the interbank online payment infrastructure.

2.20. Progress was also made in enhancing e-government, including through the introduction of the e-visa service, which facilitated tourist arrivals, electronic cargo clearance (the adoption of the MACCS) and the electronic filing of income and commercial tax. These and other initiatives improved Myanmar's ranking in the UN e-Government Development Index from 157 in 2018 to 146 in 2020.

2.21. The sharp rise in consumer demand for connectivity and digital services during the recent COVID-19 pandemic underscored the need to accelerate the development of the digital economy. This was reflected in the CERP and the forthcoming MERRP, which both prioritized the promotion of 'innovative products and platforms', 'e-commerce and cross-border e-commerce' as their key goals.

2.22. In May 2020, amidst the pandemic, the MoCOM organized its *First E-Commerce Virtual Conference*, hosting public and private sector representatives to take stock of and assess current and future initiatives to promote innovative products and platforms (Goal 5 under the CERP). As a result, the E-Commerce Guidelines and the Good Practice Guides (GPGs) for MSMEs in transition from offline to online are under preparation and will be finalized before the end of 2020. The E-Commerce Innovation Challenge initiative, led by the MoCOM as part of CERP, was launched in November 2020 with the objective to advance four themes, namely, building resilience against COVID-19, MSMEs formalization, Women and E-Commerce and Consumer Rights and Online IP. Several development partners offered their support to MoCOM to implement the CERP goals related to e-commerce.

2.23. Government agencies hold regular, genuine and open consultations and private-public dialogue with industry representatives on matters related to policy and regulatory developments in the digital economy.

2.24. At the international level, Myanmar is involved in various initiatives to boost e-commerce and enhance the digital economy. They include participating in the plurilateral JSI negotiations on E-Commerce at the WTO, the ASEAN Work Programme on Electronic Commerce (2017-2025), the ASEAN E-Commerce Agreement (2019), and the Regional Comprehensive Economic Partnership (RCEP) Agreement concluded recently which *inter alia* covers e-commerce. In that context, the Government formed six interministerial focus groups in late 2020 to support the WTO JSI negotiators on e-commerce, to enhance the understanding among government officials on the implications of commitments on e-commerce on Myanmar and to accelerate the implementation of commitments made during the negotiations.

2.1.2.3 Environment and sustainability

2.25. Myanmar considers environmental sustainability as a key, overarching goal which guides policy making across all areas, including trade and investment. This goal is explicitly enshrined in the 2016 Economic Policy.

2.26. The MSDP, under its Strategy 5.1 "*Ensure a clean environment together with healthy and functioning ecosystems*", emphasizes, *inter alia*, the goals to strengthen the monitoring and enforcement of environmental regulations and take serious action against environmental crimes such as the illegal trade, poaching and trafficking of protected flora and fauna; to increase the productivity and competitiveness of industrial systems through disaster and climate resilience, and low-carbon and green characteristics; and to support skills development in preparation for Myanmar's transition to a green economy.

2.27. The 2019 National Environmental Policy of Myanmar reflects a strong vision of environmental conservation, reduced impact of human interventions and harmony with development; of mining that is less harmful to the environment; and of a resilient society adaptive to climate change and natural disasters. Fostering environmental sustainability is considered an inclusive, adaptive exercise. Environmental Impact Assessment (EIA) including social, health and heritage assessment

surveys are publicly discussed, and feedback is requested and collected via the Department's platform (<https://www.ecd.gov.mm>).

2.28. In the same vein the 2018 Agricultural Development Strategy champions environmental and social sustainability, recognizing that agriculture and food production have environmental impacts, and that in turn agriculture is significantly affected by environmental impacts from other sectors. It also recognizes that collective decisions must be made to balance needs for growth and income generation across the economy relative to short and long-term environmental and social impacts; that any increase in productivity through adoption of new practices and technologies must ensure the sustainable use of natural resources, in particular land, soil, water, and forestry; and that Integrated Water Resources Management (IWRM) should be applied for sustainable development. A range of new agro-ecological approaches are currently piloted in Myanmar, including a System of Rice Intensification (SRI), green water management, nitrogen use efficiency, conservation agriculture, agroforestry, and organic agriculture.

2.29. Myanmar allows, partially, the importation of non-food genetically modified crops intended for industrial use such as GMO cotton.

2.30. Environmental legislation underpins these ambitions, including with regard to trade. Under the Environmental Conservation Law (2012), for example, import licensing measures are in place to implement the Vienna Convention on the Protection of the Ozone Layer and the Montreal Protocol. A quick tool for customs officers assists in the screening of ODS. Under the Prevention of Hazard from Chemical and Related Substances Law (2013) multiple substances are controlled, including – apart from ODS and precursors – Persistent Organic Pollutants (POPs) as per the Stockholm Convention, pesticides subject to Prior Informed Consent, and chemical prohibited under the Chemical Weapons Convention.

2.31. The importation of recyclable clean scrap is under close watch. In the 2019 review of the import licensing list, the importation of the recyclable clean scrap was subject to non-automatic licensing. A technical regulation for the importation of recyclable clean scrap is currently under preparation.

2.32. Myanmar only allows the importation of the recycleable non-hazardous scraps which must be clean, homogenous, intended for direct-use in production processes and free from contamination and other types of waste.

2.33. Recycling facilities in Myanmar must have the approval of Environment Management Plan (EMP) or Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) granted by the Environmental Conservation Department, Ministry of Natural Resources and Environmental Conservation.

2.34. Sustainability and environmental protection, including in particular climate change related aspects and the promotion of renewable energy, figure prominently across sectoral policies and regulations including in forestry and mining.

2.2 Trade and Related Policy Developments and Reforms

2.35. The Government of Myanmar has sought to enhance the competitiveness of its economy over the review period through a range of processes, institutional and regulatory changes and developments.

2.2.1 Trade policy formulation and mainstreaming of trade

2.2.1.1 Development of Myanmar Diagnostic Trade Integration Strategy

2.36. Myanmar concluded and formally endorsed its first Diagnostic Trade Integration Study (DTIS) in 2016. The DTIS identified key domestic and external constraints facing Myanmar as it strives to leverage regional and global integration for inclusive export-led growth, provided analytical input on the linkages between trade and poverty and highlighted key steps to remove bottlenecks in trade policy and trade facilitation. The DTIS, prepared by the World Bank with funding support from the EIF, serves as a framework for trade-related interventions.

2.37. An update to the 2016 DTIS is foreseen to start in early 2021. The update aims to develop a comprehensive trade strategy for Myanmar with interventions that help promote trade, international market expansion and its diversification in a post COVID-19 pandemic era, contributing to a smooth LDC graduation and to achieving the SDGs linked to the priorities contained in the MSDP and the forthcoming MERRP.

2.2.1.2 Trade policy formulation

2.38. At the time of drafting, the Ministry of Commerce was in the process of developing a Trade Policy Framework to guide policy makers, trade officials, the private sector and other stakeholders in designing and implementing the trade agenda.

2.39. Trade policy priorities that are likely to be reflected in the final document include implementing the WTO and ASEAN agreements (including the TRIPS Agreement), facilitating trade and improving import policies and procedures, addressing non-tariff measures through enhanced transparency and the use of international standards, internal market and private sector development, enhancing competition and consumer protection, improving quality infrastructure, developing e-commerce, enhancing access to finance, and developing special economic zones, in addition to export market development.

2.2.1.3 Mainstreaming trade

2.40. The Ministry of Commerce, in coordination with other trade-related agencies, is tasked with the formulation, coordination and implementation of trade policy, and serves as the focal ministry for WTO negotiations.

2.41. During the review period, the Government of Myanmar carried out a series of institutional restructuring processes and reforms to mainstream trade and improve the institutional structures that facilitate the trade and investment regimes.

2.42. In recognition of the importance of intellectual property rights in facilitating trade in knowledge, creativity and innovation – key bases for the economic transformation of Myanmar –, the Sub-Department on Intellectual Property, previously under the Ministry of Education, was moved to the Ministry of Commerce and is planned to be upgraded to a (full) Department.

2.43. Other important steps in mainstreaming trade include the establishment of the Myanmar Competition Commission, the Myanmar Consumer Protection Commission and the Myanmar Investment Commission.

2.44. Various other commissions were established to facilitate the implementation of reforms, including the Planning Commission and the Finance Commission chaired by the President, as well as the Privatization Commission chaired by the Vice President.

2.2.2 Trade-related regulatory and institutional reforms

2.2.2.1 Enhancing transparency and outreach

2.45. Transparency and proactive outreach to stakeholders are key elements of the Government's reform strategy.

2.46. The Myanmar National Portal offers information in English and Myanmar language about all government agencies and provides links to these agencies.¹³ Virtually all government agencies offer not only up-to-date information in English and Myanmar language about areas under their competence, but many also offer users the possibility to submit documents or register online.

2.47. In 2016, the Ministry of Commerce launched the Myanmar Trade Portal and upgraded it in 2019.¹⁴ The Portal offers up-to-date information on trade issues in English and Myanmar language, and provides links to relevant national laws and regulations, court rulings, the TBT enquiry point,

¹³ Myanmar National Portal available at: <https://myanmar.gov.mm/en>.

¹⁴ Myanmar Trade Portal available at: <http://myanmartradeportal.gov.mm>.

the SPS enquiry point, as well as procedures and documentary requirements for importing and exporting. The Myanmar Trade Portal is listed in the ASEAN Trade Repository together with other ASEAN countries' national trade repositories.

2.48. In compliance with its WTO notification requirements, Myanmar made significant efforts during the review period to notify WTO Members about developments in its trade policies as envisaged by WTO Agreements. In addition, the Government notified WTO Members about temporary measures adopted in response to the COVID-19 crisis.

2.49. To enhance outreach, government agencies hold public consultations on trade-related issues with private sector stakeholders. The Private Sector Development Committee, established in 2016 in the context of the Private Sector Development Framework, is a key forum for consultation and coordination with the private sector. The Committee is chaired by the Vice President and meets every two months. Five Working Groups were established based on the five priority pillars of the Framework under the Committee to address the following specific issues: Legal and Regulatory, Access to Finance, Trade and Investment, State Economic Enterprises and PPPs and Human Capital.

2.50. Under the Trade and Investment Working Group, the Doing Business Reform Working Group chaired by the Deputy Minister of the Ministry of Commerce was formed in January 2018 and 10 supportive teams were established to improve Myanmar's ranking in the World Bank Doing Business indicators. Significant progress was made in improving Myanmar's Doing Business ranking which stood at 171 in 2019 and improved to 165 in 2020. Myanmar is listed among the top 20 reformers in the 2020 World Bank Doing Business Report.

2.51. In addition, government agencies regularly hold consultative meetings and workshops with private sector representatives, including foreign/bilateral chambers, before adopting trade-related legislation, changing tariffs, or formulating policies on new issues such as e-commerce and digitalization.

2.2.2.2 Tax reforms

2.52. Tax reforms are a central element of the overall reform and economic transformation effort. During the review period, the Government of Myanmar completed the first phase and embarked on implementing the second phase of tax reforms. As reflected in the Public Financial Management Reform Strategy adopted in 2018, the second phase of the tax reform journey, which was endorsed by the Cabinet in 2017, aim to maximize the tax collection, broaden the tax base, improve tax compliance, and modernize the tax administration.

2.53. The Internal Revenue Department is carrying out the tax reform plans, which include modernizing the tax assessment process from an official assessment to a self-assessment system, restructuring the tax administration to focus on taxpayer segments by size, and transforming the Commercial Tax into a Value Added Tax - which is one of the key features of the reform journey. This transformation aims to standardize and modernize the tax system and to ensure that tax exemptions are fair and equitable.

2.54. Accompanying regulatory developments to the tax reform processes during the review period include the enactment of the Specific Goods Tax Law (2016), the Income Tax Law (2016), the adoption of the Union Tax Law (yearly), the enactment of the Tax Administration Law (2019), which standardizes administrative procedures to support the self-assessment, and the drafting of a new Income Tax Law that aims to clarify income tax rules and update the tax framework to align with a self-assessment system.

2.2.3 Investment regime

2.55. Rich in minerals and natural resource reserves, with a young and agile labour force and close to fast growing markets, Myanmar is an attractive destination for foreign investment.

2.56. Investment flows to Myanmar amounted to USD 5.7 billion in 2020. Until October 2020, a total of 2,089 investment projects in 12 sectors from 51 countries with pledged investment amounts of USD 87.41 billion were admitted.

2.57. During the review period, the Government of Myanmar undertook several steps to reform the investment regime and facilitate FDI flows. They included regulatory reforms, liberalization of economic activities (including retail and wholesale services, financial services and mining), the establishment of special economic zones, investment promotion and investment incentives and most recently the Myanmar Investor Grievance Mechanism (IGM), established through Notification No. 9/2020 issued in April 2020. Efforts to develop the institutional structure of the IGM (in the form of an Investor Grievance Mechanism Committee) and to enhance the capacity of members of the committee are underway.

2.58. The adoption of the Myanmar Investment Law (2016) – which regulates the conduct of investment activities in the country – marks a milestone towards a more open and predictable investment regime. The Law allows direct and indirect investment, prohibits investments in certain activities, and provides the legal basis to grant incentives to investments in certain sectors (referred to as the promoted sectors). The Investment Law further provides investment protection and mandates the establishment of a grievance mechanism to resolve disputes.

2.59. The Myanmar Companies Law (2017) marks another significant milestone towards modernizing the corporate framework in the country. It facilitates incorporation, relaxes requirements and procedures for company registration, reduces the cost of registration, and enhances the transparency of the registration process. As of 2018, company registration became digitalized through the Myanmar Companies Online (MyCo).

2.60. In addition, a private company can be incorporated with one shareholder and one resident director, which marks a departure from previous practice.

2.61. The Myanmar Companies Law (2017) also encourages foreign investments in local companies, facilitating access to foreign investments in minority shares (up to 35%) in segments of the economy reserved for nationals, while providing domestic companies greater access to foreign capital.

2.62. The Ministry of Investment and Foreign Economic Relations (MIFER) is the main regulatory agency on investment matters. The Myanmar Investment Commission (MIC) is mandated by the Investment Law to advise the Government on investment policies, conduct investment promotion activities, coordinate with investors, facilitate investment, and ensure that investments are in line with domestic policies and rules. MIC is also the key agency responsible for issuing investment permits and for granting investment incentives in line with the Investment Law. The Directorate of Investment and Company Administration (DICA) of the MIFER serves as the Secretariat for MIC, and plays as the cooperate register roles maintaining the Myanmar Companies Online (MyCo). Information related to the investment regime in Myanmar (including the 2018 Investment Guide), investment-related forms and procedures, and information related to investment opportunities, are available online.

2.63. Together with the OECD, the MIFER launched the second Investment Policy Review of Myanmar on 24 November 2020. The review assesses past reforms and remaining challenges in various areas including investment policy, investment promotion and facilitation, infrastructure connectivity, green growth, land rights and administration, special economic zones and responsible business conduct.

2.64. Current efforts to further facilitate the investment regime include the ongoing efforts to digitalize the investment application process, allowing investors to submit their investment applications and monitor their applications online. In addition, the MIFER is working on developing a Land Bank – a database of land available for investment.

2.2.4 Competition regime

2.65. As part of the process of economic reform, and in an effort to create an enabling environment for businesses, encourage innovation and ensure free and fair competition while protecting public interest, in 2015 Myanmar enacted a new and modern Competition Law, in line with the ASEAN Economic Community Blueprint. The Competition Law entered into force in 2017. It prevents acts that injure public interest through monopolisation or manipulation of prices, prevents the abuse of dominance, controls unfair competition conduct, controls restrictive agreements and arrangements among businesses, and prohibits anticompetitive mergers and acquisitions.

2.66. The Competition Law applies to all sectors and enterprises, including state-owned enterprises when conducting commercial activities in competition with private firms, and foreign firms whose behaviour affects competition and consumers in Myanmar.

2.67. The Myanmar Competition Commission, established in 2018, is tasked with implementing and enforcing the new Competition Law. Chaired by the Minister of Commerce, the Competition Commission is composed of 11 members representing the Ministry of Commerce, Ministry of Planning, Finance and Industry, Ministry of Home Affairs, Ministry of Transport and Communications, and the Union Attorney General's Office, in addition to three legal experts from the private sector, an economist, and a representative of the Union of Myanmar Federation of Chambers of Commerce and Industry.

2.68. In line with the Competition Commission Strategic Plan (2020-2022), its key objectives are to further develop the institutional and legal framework, to create strategic alliances through advocacy, to effectively enforce the Competition Law, and to build capacities.

2.69. Over the past months, the Competition Commission conducted a series of awareness-raising events on Competition Law for business and relevant government stakeholders, in order to clarify issues related to the Law and its enforcement, including those related to prohibitions, penalties and mergers and acquisitions, among others. The Commission is working on preparing the necessary guidelines for staff and stakeholders, raising the awareness of relevant agencies, and building the capacities of investigators, judges and others on matters related to the Law and its enforcement.

2.2.5 Consumer protection

2.70. Consumer protection is another important element of the ongoing reform process. A new Consumer Protection Law (2019), which repealed the previous law of 2014, regulates the rights and obligations of consumers and producers, outlines mechanisms for resolving disputes between consumers and business, and sets out clear roles and responsibilities for the Myanmar Consumer Protection Commission. It contains mandatory labelling requirements for goods and services, refining previous product labelling notifications (1/2018 and 1/2019) issued by the Central Committee for Consumer Protection.

2.71. The Myanmar Consumer Protection Commission was established in 2019. To increase the transparency of the consumer protection regime and enhance consumer literacy, the Department of Consumer Affairs at the MoCOM further launched a new Consumer Complaint System in September 2020 where consumers can lodge complaints and access relevant information online and through mobile application.

2.72. The Commission started working immediately after its establishment. Still in 2019, for example, it issued notification No. 2/2019, which requires that the Myanmar language (alone or in conjunction with other languages) is used on the labels of eight priority goods (food, household goods, child-related goods, telecommunication goods, medicine and supplements, cosmetics, consumer goods and business goods).

2.2.6 Special economic zones

2.73. The Government of Myanmar views Special Economic Zones as an important tool to unlock certain potentials and foster diversification towards increased manufacturing and services.

2.74. In an effort to attract local and foreign investments in the manufacturing sector, diversify the economy, create jobs, and expand exports, Myanmar has established three Special Economic Zones: (i) Thilawa SEZ in the Yangon Region, (ii) Kyauk Phyu SEZ in Rakhine State; and (iii) Dawei SEZ in the Thanintharyi region (in the Myanmar-Thailand border region).

2.75. The Thilawa SEZ is the most advanced, and has been in operation since 2015. It offers a ready to use infrastructure, a digitalized One Stop Service Centre to facilitate administrative processes and procedures for investors, and facilitated trade related rules and regulations. In addition, the SEZ hosts a vocational training centre.

2.76. The Special Economic Zone Law (2014) provides the legal framework for Myanmar's SEZ. It allows investment activities in twenty services sectors to be conducted in SEZ. These include: trading, distribution services including wholesale and retail, hospital and health services, tourism and other related services, recreation and entertainment services, and culture and sport services.

2.77. The Law offers investors and investments minimum standards of protection, including non-discrimination both in the form of national treatment and MFN, access to justice and "fair and equitable treatment"–protection from nationalization. Investments in SEZs are entitled to exemption on income tax and customs duty in accordance with the Law.

2.2.7 Trade promotion and export strategies

2.78. Myanmar Trade Promotion Organization (Myantrade) which is part of the MoCOM, was established in 2016. It is responsible for trade promotion through a host of activities ranging from organizing trade events and trade fairs, to training, export facilitation and dissemination of market and other information.

2.79. MyanTrade Website (www.myantrade.gov.mm) is an important source of trade information for local SMEs and international buyers. The website offers market information and research data to help Myanmar companies in international markets.

2.80. Key among the Government efforts to improve exports is the National Export Strategy (NES), designed with the support of the International Trade Centre (ITC). Myantrade already implemented the first phase of the strategy (2015-2019) and is currently implementing the second phase of the strategy (2020-2025), which will focus on value addition in the agriculture and manufacturing sectors and on fostering innovation and technology to diversify and enhance exports.

2.2.8 MSMEs

2.81. The overwhelming majority of enterprises in Myanmar are MSMEs, as defined in the Companies Law (2017) and the SMEs Development Law (2015).

2.82. In light of their central role in the economy, the Government of Myanmar adopted various instruments during the review period to enhance MSME development, including by improving their access to technical assistance and financial and non-financial support through a number of schemes.

2.83. The SME Development Policy (2015) outlines efforts to develop SMEs, including capacity building, access to finance, infrastructure development, business development, market promotion and the creation of an SME agency. Several other policy documents are key instruments for SME development, such as the Myanmar Industrial Policy and the MSDP. Recently, Myanmar issued its Micro, Small and Medium Enterprise Masterplan (2020-2030) to assist MSMEs in facing the recent and numerous changes by implementing nine goals, seven of which are the target areas of the 2015 SME Development Policy.

2.84. Numerous entities work on developing and strengthening MSMEs in Myanmar, including the SME Development Agency which is chaired by the Deputy Minister of the Ministry of Commerce, in charge of collecting information on SMEs and of providing services ranging from registration, market and technology promotion to capacity building and advisory services. In addition, the Directorate of Industrial Supervision and Inspection under the Ministry of Planning, Finance and Industry (MOPFI) is in charge of implementing related laws, regulations and policies. It assists MSMEs in matters related to access to finance and capacity building and training. As of 2020, over 70,000 MSMEs were registered with the Department.

2.85. Myanmar participates in the WTO discussions on MSMEs and cosponsored the Statement on Highlighting the Importance of MSMEs in the Time of COVID-19 at the WTO on 14 May 2020.

2.2.9 State economic enterprises (SEEs)

2.86. State economic enterprises traditionally account for a significant part of Myanmar's economy. At present, 41.31% of the economy is owned by the Union.¹⁵ The state economic enterprises sector is in a process of transformation, as the Government has embarked on reforms on multiple fronts. These include improvements in operational and financial management, privatization, and liberalization in some reserved sectors.

2.87. The 1989 State-Owned Economic Enterprises Law (SEE Law), as amended, reserves – in principle – specified activities in twelve sectors to the Government. These are several extractive and related industries (teak; forestry; hydrocarbons; pearls, jade and precious stones; metals); fish breeding and production in fisheries reserved to Government research; electricity generation; security and defense products; and certain services (postal and telecommunications; air and railway transport; banking and insurance; broadcasting and television services). In some cases the exclusivity granted also encompasses exports.

2.88. The law, however, qualifies the exclusive allocation to the Government in various forms, partly through the identification of reserved activities (e.g., "cultivation and conservation of forest plantation," but not sale of wood products). Most importantly, it allows the Government to operate in the form of joint ventures with the private sector, and – following a 1997 amendment – also to allow fully private-owned businesses to operate in the designated sectors.

2.89. Over the past few years, several of the sectors covered by the SEE law have in fact seen a significant liberalization. This is the case of financial services, for example, where local and foreign banks and insurances companies are allowed to operate alongside the remaining state-owned operations. Telecommunication, logistics, distribution and postal services provide additional examples where government exclusivity is now loosened as private sector players have been allowed to join the market.

2.90. While the Government recognizes the continued relevance of the state in sectors where its presence is useful and productive or strategically important, it is embracing across the spectrum of Myanmar's SEEs the major task of operational reform and, where suitable, privatization. The Government's Economic Policy of 2016 identifies as one of the tasks: *"Improving the operations of state economic enterprises, and privatizing those state economic enterprises that have the potential to be reformed, while promoting and assisting small and medium enterprises as generators of employment and growth."* This is echoed in the MSDP, which states that *"The GoM is encouraging its State Economic Enterprises to transform into non-budgeted units, and then into corporatised units that will eventually be privatised as the GoM focuses more on its regulatory role, rather than business-proprietor role."* The MSDP also includes an action plan that provides guidance for the ongoing efforts.

2.91. Both as a matter of efficiency and fiscal responsibility and – in sectors where SEEs operate alongside private players – to ensure a level playing field between SEEs and the private sector, the Government is progressively working towards SEEs operating on commercial principles, with appropriate oversight, transparency and accountability. It is recognized that this is a complex challenge, which will require significant time and effort. A major focus is on de-linking SEEs from the state's budget where possible.

2.92. Since 2013 multiple corporatization and privatization processes have been undertaken. These include, for example, port services, where the Myanmar Port Authority (MPA) is encouraging private sector participation as a way to improve the performance of the public port organization. As a result, there are currently four foreign-invested joint ventures with MPA and three wholly foreign-owned terminal operators. The fuel and oil terminals in the Thilawa Port south of Yangon are managed by Myanmar private investors. Other examples include the Yangon Electricity Supply Board, which was corporatized and transformed into the Yangon Electricity Supply Corporation in 2015 and now operates and undertakes outside the Union Budget Fund. Three cotton ginning factories under No. 3 Heavy Industrial Enterprise which were part of the previous Textile Industries (now merged with Paper and Home Utilities Enterprise) were privatized. In addition, several long loss-making state-owned factories have ceased operation since the last TPR, and their transformation and/or the

¹⁵ This figure excludes assets owned by the CBM. The figure reaches 44.83% when assets owned by the CBM are included.

disposal or privatization of their assets is under way. These efforts are guided by a comprehensive internal analysis performed by the Government to this effect.

2.93. Another important feature of the Government's reform drive is the separation of operation and regulation. Multiple SEEs, or parts thereof, have been transformed into regulatory departments and integrated into the appropriate governmental structures. Examples include the Myanmar Microfinance Supervisory Enterprise, which was eventually transformed into the Financial Regulatory Department under the MOPFI; and most recently the Myanmar Petroleum Products Enterprise, which in June 2020 became a regulatory body – the Petroleum Products Regulatory Department – under the Ministry of Electricity and Energy.

3 TRADE AND RELATED POLICIES: SECTORAL DEVELOPMENTS AND TRENDS

3.1 Goods

3.1.1 Key cross-cutting policies relating to goods

3.1. Over the review period, a number of important reform developments impacted on the goods sectors, including - inbound and outbound trade in goods - from agriculture, fisheries and forestry to mining and manufacturing products.

3.1.1.1 Tariff reforms

3.2. The Government of Myanmar recognizes the benefits of a clear, simple, up-to-date and trade-facilitating tariff system. In this spirit, it has reduced the number of tariff bands from 15 to 11 (zero, 1.5, 3, 5, 7.5, 10, 15, 20, 30, 40 and 50%), recognizing that further simplification may be possible and desirable in due course. The current tariff is based on the HS 2017 nomenclature, with national tariff lines up to the 10-digit level, which allows for careful calibration.

3.3. All tariffs are *ad valorem*. The average tariffs applied on both agricultural and non-agricultural goods are very low (with a global unweighted average rate of 7.1%, and averages of 9.9% for agricultural goods and 6.6 for non-agricultural goods). Around half of the tariff lines are subject to duties of 3% or 1.5%, and an additional 5% is duty-free.

3.4. It is recognized that the streamlining and updating effort has in some cases led to increased duties on individual goods, which resulted in a slight increase of the (unweighted) average vis-à-vis the earlier TPR. In a few instances WTO bindings have inadvertently been surpassed in the process; this situation will be addressed at the next 5-year review of the tariff, scheduled for 2022.

3.5. Tariffs have been reduced, and are being further reduced, within the regional context. As a member of the ASEAN Free Trade Area (AFTA) and the ASEAN Trade in Goods Agreement (ATIGA), Myanmar is committed to the Common Effective Preferential Tariff Scheme (CEPT), which aims to reduce tariffs on intra-ASEAN trade for all tariff lines. In addition, Myanmar implements its obligations under the ASEAN agreements with dialogue partners, namely with Australia and New Zealand (AANZFTA), the Republic of Korea (AKFTA), India (AIFTA), China (ACFTA), Japan FTA (AJFTA) and Hong Kong, China (AHKFTA). Preferential tariffs under the ATIGA, AKFTA, ACFTA, AIFTA, and AANZFTA are significantly lower than the average applied MFN tariff. This effect will increase over the coming years, as additional staggered reduction obligations become applicable to Myanmar under the aforementioned agreements.

3.1.1.2 Customs reforms and trade facilitation

3.6. Myanmar is firmly committed to the idea of a modern, streamlined customs management and trade facilitation. Its current reform efforts are guided by the MOPFI's Customs Reform and Modernization Strategy (2017-2021), embedded in the WTO and ASEAN trade facilitation frameworks, as well as by relevant WCO instruments.

3.7. Efforts in this area include the Myanmar Automated Cargo Clearance System (MACCS), launched in 2016. MACCS, which connects several trade-related government agencies, *inter alia* automates user registration, goods clearance, cargo management and payments, and also includes the Myanmar Customs Intelligence System – MCIS, which is a risk management system, and a Cargo

Control System. As the roll-out continues, MACCS is at the moment only fully operational at Yangon Port and at Yangon International Airport and Special Economic Zone (since 2016), as well as at the Myawaddy Trade Zone on the land border with Thailand (since June 2018). The launch at the Muse and Chin Shwe Haw, both on the land border with China, is scheduled for February of 2021. In 2018, MACCS handled 99% of declarations in the Yangon and Thilawa area.

3.8. The operation of MACCS translates into significant facilitation for traders. Under the system, the importer submits the import declaration and all supporting documents electronically. The MACCS then assesses and classifies the consignment, performing a risk assessment. The assessed charges can be paid through a deposit account in MACCS. Upon payment, consignments are released according to their risk assessment.

3.9. In addition, advance rulings have been enabled since 2016 for tariff classification and customs valuation. The procedures on advance rulings on classification was issued in 2017. A decision is usually made available within 30 days. In 2018, Myanmar launched the Authorized Economic Operator (AEO) program and adopted its Standard Operating Procedures in 2019. The Program has been rolled out on a pilot basis with a number of audited importers and exporters through a Trusted Traders Scheme. The regulation for the post clearance audit was issued in 2017.

3.10. In 2019, the Myanmar Customs Department issued the Customs Bonded Warehouse procedure in line with international standards allowing the operation of private bonded warehouses, manufacturing bonded warehouses, special bonded warehouses and exhibition bonded warehouses. Also in 2019, an online application system for certificates of origin was introduced as part of the ASEAN e-CO reform mandate allowing the exchange of certificates of origin (Form D) among ASEAN countries via the National Single Window Routing Platform.

3.11. In addition, efforts to enable the exchange of the ASEAN Customs Declaration Document (ACDD) are underway with end-to-end testing (with Thailand, Singapore, Cambodia and Indonesia) and the implementation of the eSPS exchange among ASEAN is planned for 2021. Myanmar's second time release study report was concluded in 2019.

3.12. In an effort to implement the Plan of Action of the ASEAN Rapid Alert System for Food and Feed (RASFF) (2018-2023), the Department of Customs Affairs in coordination with border agencies is undertaking a gap analysis for the establishment of a National RASFF which will be further connected with ASEAN RASFF.

3.13. On transit, the Myanmar Customs Department made progress in implementing the ASEAN Customs Transit System starting with Phase A (pilot test) with Thailand planned for 2021 and is in discussion with stakeholders for issuing the ASEAN Goods Vehicle Cross Border Permit. Further developments of note include a blueprint for a national Single Window, work on better performance monitoring, including time release studies, and progress in automating import and export licensing.

3.1.1.3 Modernizing customs valuation

3.14. An important milestone in the reporting period is the modernization of customs valuation. Since 2018 Myanmar applies the valuation principles of the WTO Customs Valuation Agreement, including the cascade system of valuation methods. Around half of all imports are now valued on the basis of their (declared) transaction values, the remainder based on the alternative methods. Myanmar has deposited with the WCO the country's instrument of accession to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention) which will enter into force on 2 January 2021.

3.1.1.4 Streamlining of import licensing

3.15. Equally significant progress was made in reforming the import licensing regime during the review period, leading to enhanced overall transparency, an automation of the application process, and a further reduction of the number of products subject to licensing requirements.

3.16. In 2015, the positive list of products subject to licensing was replaced by the list subject to import licensing, thereby reducing the share of tariff lines for products subject to import licensing from 78.9% to 44.8%. The latest liberalization of the import licensing regime was introduced in

October 2020 with Notification No. 68/2020, increasing to approximately 64.8% the share of goods that are not subject to import licensing requirements. Information on products subject to licensing, licensing procedures and requirements is available online at the National Trade Portal.

3.17. Since 2016, the import (and export) licensing system became fully online and the system was integrated with MACCS, MyCo and other systems including importer and exporter registration and electronic payment systems. As of November 2020, applications for import licenses for 1,339 10-digit tariff lines are automated, facilitating trade and easing doing business in Myanmar. The soft launch of the recently developed TradeNet 2.0 in November 2020 further enhanced the automation of import licensing and facilitate trade.

3.18. The Government reflected these reforms in a 2019 notification under the Agreement on Import Licensing Procedures (G/LIC/N/2/MMR/1). The notification contains detailed information about the regulatory framework, competent authorities, and the underlying policy objectives to be achieved by the licensing.

3.1.1.5 Sanitary and phytosanitary measures

3.19. There are four main SPS agencies overseeing SPS related matters. These are the Department of Agriculture, the Department of Fisheries and Livestock Breeding and Veterinary Department under the Ministry of Agriculture, Livestock and Irrigation and the Department of Food and Drug Administration under the Ministry of Health and Sports.

3.20. To date, Myanmar has adopted several SPS standards in compliance with the SPS Agreement.

3.21. Myanmar's national SPS enquiry point to the WTO, established in 2018, is located within the Plant Protection Division of the Department of Agriculture.¹⁶

3.22. Myanmar is making every effort to ensure that its standards are upgraded in line with international standards and that its products meet the SPS requirements in export markets. Notable progress was made recently in fishery and apiculture in addition to other areas.

3.23. Myanmar welcomes the support of its partners in upgrading its SPS infrastructure, developing the necessary technical expertise and enhancing its quality infrastructure (soft and hard).

3.1.1.6 Standardization, technical regulations and conformity assessment

3.24. Notable progress was also made in the areas covered by the TBT Agreement, with more under way.

3.25. The 2014 Law on Standardization, which *inter alia* established the National Standards Council and generally aimed to put the country on a path towards a modern management of standards and standardization, is currently being amended. At the time of writing, a draft law is being considered by the Union Attorney General's Office (UAGO). Moreover, a draft Law on Metrology has already been approved by the UAGO and is in the final consultation stage with relevant ministries before its submission to the Parliament. In parallel, both an overall National Quality Policy and a strategy to develop standardization in Myanmar (Developing National Standardization Strategy) are being prepared. In addition, a roadmap for accreditation is under development.

3.26. In 2015, a new National Standards and Quality Department (NSQD) was established at the Ministry of Education - which spearheads standardization accreditation and metrology in Myanmar -, replacing the previous Standards Department. The NSQD is the Focal Point of international and regional cooperation of Myanmar for standards and conformity assessment; it also operates as the TBT National Enquiry Point and Notification Authority. In addition to the National Standards Council, a Standards Working Committee is in operation, as are 25 sector-specific technical committees.

¹⁶ See information at: <https://ppdmyanmar.org/sps-ep/about-sps-enquiry-point/>.

3.1.1.7 Industrial development

3.27. Myanmar's 2016 Industrial Policy reflects the country's orientation towards increased and more diversified value addition through manufacturing. The stated objective is to increase the industrial sector's contribution to GDP to 37% by 2030-2031. To oversee its implementation, MOPFI (formally Ministry of Industry) developed the Strategic Directions for Industrial Development in 2017.

3.28. To further the industrial development in Myanmar, attention to existing challenges need to be addressed. These include the inadequate electricity and energy supply, poor transportation infrastructure, shortage of skilled labour, and the high price of land for industrial purposes. In addition, the policy emphasizes the following four directions: business enabling environment, human resource development and technology upgrade, market expansion, and the development of a privatization policy.

3.29. Examples of initiatives to further the industrial development include the facilitation of registration and tax payments, and the establishment of one-stop service centres, which provide information on markets and business, access to technology and finance, and which also can be used to register, apply for licenses and permits, pay taxes and get visa documentation.

3.30. The thinking on industrial development also reflects specific ambitions for the mining and energy sectors. For mining, a policy aiming at minimal environmental impact and maximum transparency and accountability is to be pursued, reflected *inter alia* in the country's membership in the Extractive Industries Transparency Initiative (EITI). For energy, the policy further reflects the aim to seek energy security and to export the surplus, coupled with an alternative energy policy to attract investment into solar and wind power.

3.31. The Government is in the process of reviewing the 2016 Industrial Policy and the 2017 Strategic Directions with the view to prioritize three industries - food processing, textile and textile products, and machinery - and developing concrete policy plans for these industries. The local economic situation, the National Export Strategy and trends in regional and international collaboration provide important context for the review.

3.1.2 Mining and energy

3.32. Sustainability and value-addition/diversification are equally determinative of the Government's policy in the mining and energy sectors. As Myanmar is rich in natural resources such as oil, gas, minerals and gems, mining is a key pillar of its economy and a key export earner. In 2017-18, mining and quarrying contributed 4.8% to Myanmar's GDP, 5.2% of the Government revenue and 35% of total exports.¹⁷

3.33. The sector is regulated by the Mining Law, the Gemstone Law, the Myanmar Oilfield Act, the Petroleum Hand-dug Well Law and the Petroleum and Petroleum Products Law (2017). Since 2014, Myanmar has been part of the countries that implement the Extractive Industries Transparency Initiative (EITI) to improve its practices in natural resources exploitation and financial management. The Government takes this process very seriously and takes pride in the progress made. The country was admitted as an EITI candidate in 2014. Its validation against the EITI Standard commenced on 1 July 2018. On 16 October 2019, the EITI Board found Myanmar to have made meaningful progress in implementing the EITI Standard.

3.34. SEEs continue to play an important role in mining, electricity and hydrocarbons - both extraction/production and distribution -, stabilizing markets, securing supply, and managing shared resources for the benefit of the country and its citizens. This goes hand in hand with liberalization (e.g. in energy distribution) and the admission and encouragement of FDI.

3.1.3 Manufacturing

3.35. The Government of Myanmar considers the manufacturing sector essential to the process of economic transformation of Myanmar, as reflected in the MSDP and the 2016 Industrial Policy.

¹⁷ See at: <https://eiti.org/myanmar>.

Together with the services sector it offers the twin opportunities of increased value addition and diversification – without, however, subscribing to a simplistic notion of industrialization.

3.36. In 2018/19, the contribution of the manufacturing sector to GDP was of 24.8%¹⁸, an increase of roughly 5% during the review period. Efforts are underway to further increase the contribution of the sector to GDP including through the establishment of SEZ, the development of infrastructure, electrification and enhancing the capacities of Myanmar's young and agile labour force. Garments, electronics, food and beverage, electrical machinery and automotive parts are among Myanmar's key exports.

3.37. Among these industrial sectors, textiles and clothing continue to offer specific promise. Myanmar's National Textile Policy aims *inter alia* to support a change in approach for the industry, away from pure contract manufacturing towards Own Design Manufacture and even Own Brand Manufacture, securing greater value addition and retention by the country's industry.

3.1.4 Agriculture, fisheries and forestry

3.38. Agriculture, fisheries and forestry in Myanmar are linked by a common narrative, namely that of essentiality and the need to secure sustainability. Sustainability entails two needs: diversification and hence increased value-addition; and climate-smart, climate change mitigating approaches.

3.1.4.1 Agriculture

3.39. Agriculture matters greatly to Myanmar. The country is a net exporter of agricultural products, including rice - the country's main staple-, and is the world's second-largest exporter of peas and beans. Other key agricultural crops include maize, cotton, palm oil, sugar cane, rubber, and tea.

3.40. Notwithstanding the obvious need for diversification and further value-addition, the agricultural sector holds and will maintain an important role in the economy of Myanmar. Together with livestock, fishery and forestry, agriculture contributed 21.3% to Myanmar's GDP in 2018/19¹⁹ and represented 17.18% of its total exports in 2018. The share of agriculture, forestry and fishing sector in total employment is 50.6% of the labour force.²⁰ It is, obviously, key to food security.

3.41. Significant efforts during the review period were targeted at modernizing the sector, improving productivity, diversifying output and enhancing connectivity to export markets. However, a host of structural challenges, ranging from weak infrastructure and access to finance to weak logistics and transportation services continue to present challenges to the development of the sector. Welcomed by the Government, private investments in the sector continue to increase, due not least to the new Investment Law.

3.42. Institutional developments of note include the 2016 merger of three separate ministries (Ministry of Agriculture and Irrigation, Ministry of Livestock, Fisheries and Rural Development and Ministry of Cooperatives) into a single Ministry of Agriculture, Livestock and Irrigation (MOALI). This helped streamline and harmonize efforts. Equally of note is the creation of 33 Agribusiness Service Centres (ACS).

3.43. Regulatory developments include amendments to the Seed Law in 2015 and the adoption of the Plant Variety Protection Law in 2017, which aims to contribute to the development of the agriculture sector through protecting the right of plant breeders, developing plant breeding activities, and improving investments in breeding activities. In 2020, the new Animal Health and Livestock Development Law was enacted. The law aims to improve and develop animal and livestock health through enhanced and competent veterinary services including prevention and control of contagious animal diseases, conservation of animal genetic resources and upgrading of animal breeding.

3.44. These efforts by the Government and other stakeholders are guided by, and enshrined in, a series of guidance documents and policy statements. These include the Myanmar Agriculture Development Strategy and Investment Plan (2018-19 – 2022-23), the National Plan for Food and

¹⁸ Planning Department, Ministry of Planning, Finance and Industry.

¹⁹ Planning Department, Ministry of Planning, Finance and Industry.

²⁰ The Annual Labour Force Study (2019).

Nutrition Security and a development strategy for the rice sector. Alongside food security and economic development climate change (and sustainability in general) takes centre stage in the Government's approach to agriculture, as reflected *inter alia* in the Myanmar Climate Smart Agriculture Strategy.

3.45. The vision Myanmar's agricultural policy is "An inclusive, competitive, food and nutrition secure and sustainable agricultural system contributing to the socio-economic well-being of farmers and rural people and further development of the national economy". This vision underpins the Agricultural Development Strategy which is based on three pillars: governance, productivity and competitiveness with the principles of clearly defined public and private roles, sustainability, farmer's rights and voice, smallholder farmers, the growth drivers, inclusion, transparency, participation and accountability.

3.46. The livestock market is growing as domestic demand for meat grows, particularly in urban areas, and international opportunities are explored. The Government is focusing on the small-scale producers of livestock and dairy products and on building capacities for livestock income generation in rural areas. A ban on exports of livestock (cattle and buffalo) was lifted in 2017 to promote legal export of livestock.

3.47. The apiculture (bee honey) industry is also growing and providing primary and additional source of income generation for small-scale producers. The EU approved Myanmar's National Residue Monitoring Plan for the importation of honey produced in Myanmar in 2019 and since then honey can export to European markets.

3.48. The COVID-19 crisis required the Government to temporarily limit exports of rice, in accordance with GATT Article XI and Article 12 of the Agreement on Agriculture; the corresponding notification was shared with WTO Members. Rice continues to play a central role in the country's economy and psyche, and attract corresponding Government attention, both as a productive sector and as a staple food product.

3.1.4.2 Fisheries

3.49. Fish matters equally greatly to Myanmar. With over 2'000 kilometre of coastline and inland freshwater bodies covering 8.1 million hectares, Myanmar has abundant marine and freshwater fisheries that contribute to its food security and generate income and employment for 2.3 million people.

3.50. As a result of successful efforts to meet the quality standards of export markets and an increased external demand, Myanmar's exports reached USD 737.84 million in 2018.²¹ Today, Myanmar is a net exporter of fish and fish products and is among the top 20 fish producers worldwide, with a total production of 3.25 million tons of fish in 2018. Main importers of Myanmar fish and fish products are China, Thailand, Malaysia, Singapore, Saudi Arabia, Kuwait, Japan, UAE, the United Kingdom and the United States. The main export items are Rohu, Hilsa, Tiger and Pink Shrimp, White Pomfret and Crab.

3.51. Sustainability, especially that of marine fisheries, is a key concern. Government policies on fisheries aim to establish a sustainable overall balance, expanding the production of marine and fresh water aquaculture and upgrading the socio-economic conditions of fishing communities, while ensuring the sustainable development of the sector and conserving and rehabilitating (wild) marine fishery resources. The Government's vision is to encourage the legal freshwater and saltwater fishing and to prevent the extinction of offshore and onshore fisheries and stop illegal fishing. The Department of Fisheries under the Ministry of Agriculture, Livestock and Irrigation (MoALI) is the competent authority, responsible for the conservation and rehabilitation of fishery resources and licensing, while the Inspection and Quality Control Division implements food safety management systems for inspection bodies and laboratories.

3.52. Myanmar is an active and committed participant in the WTO Fisheries Subsidies negotiations. As an economy dependent in significant part on fish, it has a major interest in a successful and ambitious outcome. The Government is determined to continue to play its part, and make any

²¹ Central Statistics Organization, Ministry of Planning, Finance and Industry.

contribution necessary, to reach such an outcome, while securing legitimate space for sustainable policies, including those essential to address food security and poverty alleviation in coastal areas, where suitable by securing appropriate and effective special and differential treatment for LDCs and graduating LDCs.

3.1.4.3 Forestry

3.53. As one of the world's main suppliers of natural teak Myanmar has clearly defined interests in this sector. These include, on the one hand, the need to increase value addition and diversification, and, on the other hand, a focus on climate change mitigation, i.e., the need to prevent deforestation and forest degradation.

3.54. Various measures have been taken during the review period to address these twin concerns. The Myanmar reforestation and rehabilitation Programme (MRRP) implemented by the Forest Department aims to increase forest cover and the REDD+ programme, also implemented by the Forestry Department, aims to reduce greenhouse gas emission in the context of sustainable forest management. In terms of forest cover, the Government aims to increase forest cover considerably in both 'Forest Lands' (to 30% of total land area) and 'Protected Area' (to 10% of total land area).

3.55. Timber, as indicated, is specifically protected as one of the reserved sectors under the SEE Law, allowing for controlled engagement of the private sector. This establishes the Myanmar Timber Enterprise as a central player and a force for good in the sector. Since 2014 a ban on the exportation of round logs, boule cut logs and baulks square timber applies which serves the twin aims of preventing the reduction of forest cover and to securing value addition, namely to promote exports of processed wood (in particular teak) products and to secure supplies for the local milling industry.

3.2 Services

3.2.1 Introduction: services as a centerpiece of Myanmar's development

3.56. Myanmar sees the progressive development of its services sectors, including increased inbound and outbound trade in services, as a centerpiece of its economic and social development. Services are important business sectors as well as facilitators of other business activities, and in both functions are also drivers of the needed economic diversification.

3.57. Services currently contribute 40.7% to Myanmar's GDP.²² Furthermore, despite significant growth in imports as a result of liberalization in sectors such as banking, insurance and telecommunications, Myanmar is a net exporter of services. As such, services are also part of the country's efforts to foster export-led growth.

3.58. During the review period Myanmar undertook far-reaching reforms virtually across the entire spectrum of services sectors. Many of these entail the liberalization and autonomous opening of the market to foreign providers, for example in financial, distribution, telecommunication, express delivery, education and gambling services. The role of SEEs – traditionally central in many sectors – is being redefined, and in many cases significantly reduced. This goes hand in hand with modernized and improved regulations, including at the level of institutions, for example by creating or upgrading designated regulators. Multiple services sectors benefit from designated policies, strategies and roadmaps.

3.59. The following subsections thus provide only 'snapshot' examples, albeit some of particular relevance to trade. They should be read in light of the bigger picture just exposed.

3.2.2 Financial services

3.60. Myanmar made substantial progress in reforming the financial sector, upgrading its legal and regulatory framework, modernizing the financial infrastructure, liberalizing the sector and restructuring state-owned banks. These reforms reflect the objectives of the MSDP and the Financial

²² Planing Department, Ministry of Planning, Finance and Industry

Sector Development Strategy (2015-2020). While the reforms are still in their early stages, progress is visible and significant.

3.61. The Financial Institutions Law (2016) was a major step towards modernizing the sector. It established governing regulations for domestic and foreign financial institutions, levelled the playing field between private and state-owned banks, and opened the market to non-bank payment service providers.

3.62. The Central Bank of Myanmar conducts monetary policy and regulates, licenses and oversees financial institutions (banks, registered mobile financial service providers, FinTech companies and registered certificate holder non-financial institutions), in accordance with the Financial Institutions Law (2016) and related regulations, the Mobile Financial Service Regulation and the Central Bank of Myanmar Law (2013).

3.63. The CBM governs transactional payments in compliance with the Foreign Exchange Management Law (2012), the Law Amending Foreign Exchange Management Law (2015), the Foreign Exchange Management Regulation and the Merchant Acquiring Service Directive (2020).

3.64. To complement the policy and regulatory framework for payments and ensure that such framework is modern and coherent, the CBM prepared the National Payment System Strategy (2020-2025) and a draft regulation on oversight of the national payment system is under consideration.

3.65. In its drive to modernize and develop Myanmar's financial and banking sector, the CBM also introduced in November 2020 the Myanmar Financial Network System 2 (CBM-Net2), an advanced and upgraded version of the original CBM-Net. CBM-Net2 offers domestic MMK remittance with different banks, bulk payments such payroll transfer and automatic withdrawal of taxes and utility bills. In addition to straight-through processing (STP) between central banks and commercial banks system and electronic check processing which will improve the efficiency of payments nationwide and will make formal remittance services more accessible to those who have previously relied on cash payments and high-risk informal remittance transfer. This development will eventually contribute to enhancing financial inclusion in Myanmar. Shift from the traditional cash-based economy to electronic "cashless" payment will also help in mitigating challenges associated with COVID-19.

3.66. The National Real Time Retail Payment (RTRP) System and the QR Code Generation and Repository System are in under preparation. The implementation of the Core Banking System will start after the conclusion of the tendering process.

3.67. The Financial Regulatory Department at MOPFI, regulates the insurance sector, and oversees state-owned banks and microfinance institutions.

3.68. With six listed companies, the nascent capital market in Myanmar is regulated by the Securities and Exchange Commission of Myanmar (SECM) established in 2014 in line with the Securities and Exchange Law (2013). The Yangon Stock Exchange (YSX) was established in 2014 and trading started in March 2016. Foreign participation in share trading of listed companies through opening of a securities account has been permitted since 2019. Myanmar welcomes foreign investment in the securities sector.

3.2.2.1 Banking services

3.69. At present, under the managed float exchange rate regime in Myanmar, three state-owned banks, 21 private banks and 13 foreign bank branches have been granted the Authorized Dealer License that enables them to conduct foreign banking business including trade financing.

3.70. During the review period, significant reforms and improvements in terms of banking infrastructure, technology and human resources, coupled with a series of autonomous liberalization measures took place, leading to a significant transformation of the financial sector.

3.71. Foreign banks can now apply for a branch license to undertake wholesale banking activities, or a subsidiary license which allows them to undertake wholesale and retail banking activities. Existing foreign bank branches are entitled to apply for converting their institutional setup into

foreign bank subsidiaries. With the third round of licensing of foreign banks concluded in 2020, an additional set of four foreign bank branches and three foreign bank subsidiaries had been granted preliminary approval to prepare for operations in Myanmar.

3.72. As of January 2019 foreign banks and foreign financial institutions may hold up to 35% of equity investment in local banks. Since 1 January 2020 exceptions to that ceiling may be granted on a case-by-case basis.

3.73. Perhaps most importantly, the modernization of the regulatory framework advanced significantly during the review period. Following the 2016 Financial Institutions Law, in 2017 the Central Bank of Myanmar issued four prudential regulations for the banking sector, followed by several directives in 2019, all based on Basel standards. The regulators' agility was put to the test recently in the context of COVID-19-related measures, when the minimum reserve requirement for banks was lowered to 3.5% of deposits, the Central Bank rate was reduced from 10 to 7% between March and April 2020, and measures were taken to encourage mobile payments and other mobile financial services.

3.74. Other significant developments during the review period include the restructuring of state banks, which is a priority in the Myanmar economic reform agenda, as reflected in the MSDP. In line with the 2016 Financial Institutions Law, state-owned banks – which remain an important element of Myanmar's financial infrastructure, not least for development and trade finance – are now subject to the same regulatory framework as private banks. The importance of the latter, however, is growing significantly. Between 2014 and 2019 the assets held by private commercial banks in Myanmar grew by almost 500%, while those of the state-owned banks grew by little over 10%.

3.75. CBM granted the Remittance Business Licenses to five companies in November 2020 in line with the Notification No. 21/2019 under the Foreign Exchange Management Law to encourage the legal cross-border movement of money. The licensed companies can now conduct personal cross-border money transfer.

3.2.2.2 Insurance services

3.76. Equally significant are the transformations under way in the insurance sector. These are guided by the Insurance Sector Liberalization Roadmap, developed by the Financial Regulatory Department with the assistance of the World Bank. It has long been recognized that insurance penetration in Myanmar is far too low, and that the market in turn offers significant growth potential for the benefit of the whole economy.

3.77. Starting in 2013, when private sector participation was first allowed, the Government has carried out autonomous liberalization in the insurance sector, reducing market access restrictions on mode 3 and allowing foreign providers of insurance services to establish in Myanmar.

3.78. All foreign insurers in Myanmar shall purchase new government treasury bonds by offering competitive bids for the Government Treasury bond auction through licensed securities companies by Securities and Exchange Commission of Myanmar. Upon the maturity of any Government Treasury Bonds held, foreign insurers shall purchase new Government Treasury bonds by the next available Government Treasury Bond auction in order to comply with the Insurance Business Rules. All insurers in Myanmar shall from time to time submit to IBRB the supporting evidence that sub-rule (b) of rule 7 of the Insurance Business Rules has been complied with.

3.79. The liberalization of insurance services has attracted foreign investment in the sector, with five fully foreign owned life insurers, three joint venture general insurers and three joint venture life insurers currently operating in the market, as well as 34 foreign insurance representative offices, alongside eight local life insurers and five local non-life insurers. Life insurance currently accounts for 31% of the market, and general insurance for the remaining 69%.

3.80. As indicated, with only 4.9 million insured persons in Myanmar (2019), the insurance sector has a significant growth potential. The rising demand for insurance products (including health insurance), which increased with the recent COVID-19 crisis, is expected to spur investments in the sector and stimulate the further expansion of the range of insurance products available in the market.

3.81. The insurance sector is regulated and supervised by the Insurance Business Regulatory Board (IBRB) under MOPFI. The MOPFI is working on updating and upgrading the regulatory and legislative framework for the sector. A draft new Insurance Law has been prepared by the MOPFI's Financial Regulatory Department and is currently under consideration in the Banks and Financial Development Committee of the parliament. The Law will stimulate further opening and liberalization of the sector in line with the Myanmar Insurance Sector Liberalization Roadmap.

3.82. Recent developments reflect the dynamism of the regulatory and market evolution under way. Following a series of new directives issued in March 2020, the IBRB announced in May the opening of the reinsurance market – a move some industry observers have called a 'game-changer' for the insurance industry in Myanmar. Since 1 October 2020, every Myanmar insurer/reinsurer and foreign reinsurer shall cede a compulsory maximum cession up to 10% of any insurance segment business to Myanmar Insurance, but whether Myanmar Insurance agrees to take such cession limit (or any part thereof) or refuses to provide cover is of its own discretion. Should Myanmar Insurance refuse to exercise its right to retain any portion of the risk offered to it, the residual part of the risk may be insured with a cross border reinsurance (CBR) or series of CBRs.

3.2.2.3 Securities and capital market

3.83. Myanmar's securities market is in its infancy, but a start has been made. The Securities Exchange Law was enacted in July 2013, while the Securities and Exchange Commission of Myanmar (SECM) was established in August 2014. At the time of drafting six public companies are listed at the Yangon Stock Exchange, their total market capitalization amounting to MMK 156.178 billion as of September 2020. 145 licenses have been issued to securities representatives, 6 securities companies and 43,128 investors participate in the Myanmar capital market.

3.84. In March 2019, the Domestic Bond Market Development Working Committee was established to further the development of the primary and secondary domestic bond markets. Already since November 2017, securities companies are allowed to conduct government bond trading for the primary and secondary market.

3.85. The work continues. A pre-listing Board (PLB) has already approved to be established in the YSX to facilitate raising capital for public companies which do not meet the criteria of the main board at the YSX.

3.86. In its efforts to further develop the capital market, promote corporate culture and build capacities the SECM collaborates with regional and international partners including the International Finance Corporation (IFC), the Securities and Exchange Commission of Thailand (SECT), Mekong Capital Markets Cooperation (MCMC) and the OECD. The SECM also participates in the ASEAN Capital Market Forum (ACMF).

3.87. Reflecting the ACMF road map the SECM has set up a road map for the development of capital markets in Myanmar, emphasizing five priority areas: strengthening foundations, market development, catalyzing products, enabling access to underserved areas, and raising awareness and capacity building. Ongoing and future developments at the SECM include issuing the corporate governance notification and the Related Party Transaction instruction.

3.2.2.4 FinTech

3.88. The Government puts a special emphasis on the development and adoption of FinTech solutions. FinTech services are expanding fast in Myanmar, with rapid mobile growth, digitalization and a strong Government commitment to promote greater financial inclusion in the country. One of the five pillars of the Financial Inclusion Roadmap is to promote and enhance digital financial services, including through promoting digital government payments – something that was, in fact, underscored in the context of the COVID-19 crisis where the Government encouraged mobile financial services, including mobile payments.

3.89. Several homegrown and foreign FinTech companies operate in the country, offering mobile financial services, digital payment and lending services, financial advisory, and other services.

3.2.3 Distribution services

3.90. The distribution sector in Myanmar is undergoing a significant transformation, not least for the benefit of international trade in goods. Over the past years, the Government introduced a series of regulatory reforms and liberalization steps, especially in wholesale and retail services, while working on developing and complementing the regulatory framework for the sector. As a result, foreign investment is increasing and the sector is estimated to have grown by 8% in 2019.

3.91. Recent liberalization efforts in wholesale and retail services include a reduction of market access restrictions on mode 3, allowing foreign providers of retail and wholesale services to offer their services. The recent reductions of import and export licensing requirements for goods are also of direct relevance for the sector's development.

3.2.4 Telecommunication services

3.92. Telecommunication services are the backbone of most economic activity, and the fundamental infrastructure for e-commerce and, not least, e-government. The Government therefore places great emphasis on their continuous and dynamic development and their accessibility.

3.93. Starting with the 2013 Telecommunications Law, the Government undertook a series of institutional and regulatory reforms in addition to significant liberalization steps of the sector during the review period. The ensuing development of the sector is indeed very encouraging: telephone density has increased from 13% in 2013 to 164.15% as of March 2020; mobile connections (excluding the internet of things) are now of almost 70 million (about 126% of the population) with total number of internet user on any device of about 22 million (about 41% of the population); there are 19 international gateways provided by four suppliers (in 2013 there was only one); and the national fibre backbone is of 76,686 km (compared to 7,600 km in 2013). There are now four mobile operators in Myanmar, all with local and foreign participation.

3.94. The work continues, including the further modernization of the regulatory environment. A draft Communications Regulatory Commission Law is currently under discussion in Parliament. It aims to establish the Myanmar Communication Regulatory Commission as an independent, autonomous and impartial regulator of the sector. In addition, the Ministry of Transport and Communications (MoTC) is currently preparing draft legislations on cyber security and personal data protection, postal services and on e-commerce in collaboration with the Ministry of Commerce. The law on postal services will formalize the separation of postal and telecoms services regulation, which is already practiced.

3.95. While the numbers mentioned above are encouraging, access remains a key issue, especially across rural areas of the country. MoTC developed the Universal Service Fund regulation in accordance with Section 54 of the Telecommunication Law (2018), in particular with the aim of reaching universal mobile coverage, and mobile operators have started contributing. Proceeds from the Fund are channeled to provide basic telecom services in rural areas currently underserved due to logistical and infrastructure challenges. In 2020 January, MoCT issued the Universal Service Strategy (2019-2023) with the objective of increasing access to telecommunications, making telecommunication services affordable and developing the communication infrastructure to foster inclusive socio-economic growth and poverty reduction.

3.2.5 Other services sectors: continued reform and liberalization efforts

3.96. Many more services sectors would deserve detailed attention in this report, with many regulatory reforms going hand in hand with increased market access for foreign services and providers. During the review period, the Government of Myanmar carried out autonomous liberalization of several other services sectors, including gambling, tourism, education, and courier services. Also important are the developments in the transport, logistics and health sectors.

3.97. In 2019 a new Gambling Law was enacted, repealing the previous one from 1986. The new Law allows licensed casinos to offer gambling services to foreign customers in selected hotels.

3.98. In the area of tourism, the Government eased visa requirements for tourists arriving from some European countries and exempted arrivals from some Asian countries in 2019. While

limitations aimed at fostering local value-added and local 'ownership' of the tourism product remain in operation (equity caps for joint ventures in tour operator and travel agency services; nationality requirements for tour guide services), the new Tourism Law of 2018 significantly liberalizes the provision of hotel and other tourism services. While the impact of COVID-19 has been – and continues to be – overwhelming, it is hoped that certain measures and initiatives taken also have positive effects in the long run, such as improved online marketing and other e-commerce-related upgrades that may benefit the sector.

3.99. Under the National Education Strategic Plan (2016-2021), market access restrictions on foreign investments in private education services were lifted in 2018, allowing full foreign capital participation in private education institutions. In fact, foreign engagement in the sector is expressly encouraged. Several education services are among the promoted sectors for foreign investment and are eligible for tax exemptions and land lease privileges under the new Investment Law.

3.100. Also in 2018, the Government granted permission for five domestic and two international express delivery service providers to carry out their services. This also reflects the attention given to the logistics and transport sectors more generally. As already reflected, private – including foreign – investment in airport, maritime port, dry port infrastructure and many other sub-sectors is encouraged. The Government is actively involved in further developing the transport and related services infrastructure, including governmental services.

3.101. The development of up to eight dry ports and an emphasis on improved rail links including the recent rehabilitation of the Yangon-Mandalay, Bago-Mawlamyine, Mandalay-Myitkyina and Yangon Circular Railway Lines form part of these efforts, which will significantly benefit international trade and enhance investment opportunities in the country. In fact, two of the eight dry ports in Myanmar (Ywathargyi, Yangon and Myitnge, Mandalay) have been operated by private investors.

3.102. In addition, the Mandalay Inland Port Terminal situated on the Ayeyarwaddy River has been developed to handle container cargo with inland waterways and to increase logistics performance and seamless cargo transport at a competitive rate.

3.103. The Government of Myanmar is committed to developing the services sector as a key pillar of the economy and will continue its reform and liberalization efforts. Currently, the Government is conducting regulatory reviews of selected services sectors in collaboration with development partners. The results of these reviews will guide the development of services policies and services reforms. The Government also developed a plan to establish a Services Trade and Investment Portal (STIP) by 2022, which aims to offer information including regulatory developments on services. The Portal will enhance transparency and facilitate Myanmar's drive to meet its obligations under the WTO and ASEAN Agreements.

3.3 Intellectual Property Rights

3.104. The Government of Myanmar is fully committed to the comprehensive and effective protection of intellectual property, and to the country's compliance with the TRIPS Agreement. The 2016 Myanmar Economic Policy not only mentions the strengthening of property rights, alongside the rule of law, but also provides specifically for policies "*[e]stablishing technical systems and procedures to support intellectual property rights that can encourage innovation and the development of advanced technology.*"

3.105. In this spirit, since the last TPR the Government has undertaken a major modernization of the intellectual property regimes and their implementation. A cornerstone of this effort is a near-comprehensive suite of new intellectual property laws, which were adopted in 2019 and are expected to enter into force during the first half of 2021.

3.106. The suite includes a new Trademark Law, adopted on 30 January 2019, which foresees a standard term of protection of 10 years (renewable) and also regulates the protection of geographical indications. Implementing rules and regulations are currently being prepared, as is the operationalization of the trademark registration system. An advance 'soft opening' of the system in the form of a start of the collection of applications for registration started on the basis of Order No. 63/2020 issued by MoCOM, and a corresponding online solution has been initiated using WIPO business solutions (WIPO File Software).

3.107. The new set of IP laws further includes a new Patent Law (adopted on 11 March 2019), a new Industrial Design Law (adopted on 30 January 2019), which *inter alia* provide for TRIPS-compliant terms of protection and a new Copyright Law (adopted on 24 May 2019).

3.108. A 2019 amendment to the 2016 Plant Variety Protection Law aligns the protection system in Myanmar with the 1991 UPOV Convention.

3.109. The Government recognizes that effective IP protection will require further effort, not least in terms of implementation and enforcement. New challenges, such as copyright protection in the internet, are taken very seriously and will be addressed, taking due account of international best practice. The Government is aware of the relevance of IP protection for the facilitation of e-commerce, a clear priority for the country.

3.110. An important step towards a modern administration of the intellectual property regime in Myanmar was the recent move of the portfolio from the Ministry of Education to the Ministry of Commerce. This not only recognizes the economic importance of effective IP protection but also its place within the country's trade and commercial policymaking and administration. It also entails the upgrade to a full department with a vision to 'establish an Intellectual Property System that promotes innovation and creativity and contributes thereby to the global competitiveness of the national economy, and to the social, scientific and cultural development of Myanmar'.

3.111. The new structure includes a new Intellectual Property Central Committee (IPCC) established in 2020 to design and formulate IP policies, strategies and action plans and supervise their implementation, enhance capacities in the area of IPR and liaise with relevant agencies on IPR related matters. IPCC is chaired by the Vice President of the Union of Myanmar, with the Minister for Commerce acting as Vice-Chair and the Deputy Minister as Secretary. It will work with all line agencies concerned.

3.112. A central feature of the efforts is education and awareness-raising within and beyond the government. Multiple initiatives, supported by Myanmar's development partners, have addressed and continue to address judges, customs and the police. The Supreme Court has designated specific judges and tasked them with acquiring the needed specialist knowledge to adjudicate IP infringement cases, supported by targeted training.

3.113. The Government works actively with the country's universities to enhance education and awareness-raising on intellectual property. This includes the training of examiners and IP practitioners. In 2016, Yangon University's law department began to offer a post-graduate diploma on intellectual property law, which serves 150 students each year. The fourth batch of students has recently completed its turn.

3.114. Myanmar has been a Member of WIPO since 2001 and is a grateful recipient of its support, not least in the aforementioned modernization efforts. The Government intends to make further good use of this relationship as well as of the support of its partners on the path towards further upgrading and modernization, including effective implementation. Myanmar is not yet a party to the WIPO conventions referenced in the TRIPS Agreement, but work is under way to pave the way to the country's accession. Translations are being prepared to facilitate meaningful internal discussion.

3.115. As a member of ASEAN, Myanmar participates in the ASEAN Framework Agreement on Intellectual Property Cooperation to carry out the ASEAN IPR Action Plan and implement its commitments under the ASEAN Economic Community. Myanmar is also cooperating and collaborating with local, regional and international specialized organizations for the development of IPR protection in Myanmar.

4 MYANMAR IN THE MULTILATERAL TRADING SYSTEM

4.1. Myanmar is an original Member of the WTO and is firmly committed to the rules-based multilateral trading system, including and specifically in times of crisis. As such, the country *inter alia* ensured that a notification regarding temporary export curbs on rice was duly submitted and joined efforts to ensure that supply chains remain uninterrupted during the COVID-19 pandemic.

4.2. During the review period, Myanmar made efforts to enhance its engagement at and cooperation with the WTO and to improve compliance with its WTO obligations, including in regard to trade facilitation, customs valuation, import licensing, and notification. It also made significant progress in complying with the TRIPS Agreement.

4.3. Myanmar participates actively in multilateral negotiations and supports new initiatives, namely the Joint Statement Initiatives on MSMEs, E-Commerce and Investment Facilitation in addition to Myanmar's engagement in discussions on Gender and Trade.

4.4. The efforts also found expression in the form of events. Myanmar hosted the regional trade policy review roundtable workshop in 2017 and organized a TPR Follow-Up Workshop - the first of its kind - with the participation and support of the WTO Secretariat and development partners in 2015, and the national TPR Follow Up Workshop in 2018. A series of national workshops were undertaken during the review period including those provided with WTO technical assistance support.

4.5. Myanmar was one of the top five LDC beneficiaries to WTO capacity building in 2017 with the highest number of participants in WTO e-learning courses.

4.6. Myanmar reaffirms its strong support to improving and strengthening the WTO's Multilateral Trading System.

4.1 Trade Facilitation Agreement

4.7. Myanmar ratified the WTO Agreement on Trade Facilitation in 2015. In 2018 it notified its category A, B (with indicative dates) and C commitments to the WTO, and subsequently communicated the definitive dates for the category B commitments in 2020.

4.8. As indicated, over the review period Myanmar made significant progress in facilitating trade and digitalizing and automating the related procedures and processes while aligning its rules, procedures and processes with its obligations under the WTO Agreement on Trade Facilitation and the ASEAN Trade Facilitation Framework. In line with the Trade Facilitation Implementation Roadmap adopted in 2018 by the National Committee for Trade Facilitation (NCTF), steady progress has been made in implementing the TFA commitments including transparency (including through the operation of the Trade Portal), advance rulings, customs valuation, expedited shipment and detention. The NCTF, in which the private sector is represented, was established in 2016.

4.9. Progress was also made in facilitating customs clearance processes through the operation of MACCS in 2016 and in facilitating post clearance audit. In addition, adopting the AEO scheme and the bonded warehouse procedures in 2018 are testimony to the Government's drive to comply with its trade facilitation commitments. Progress in implementing the ASEAN Customs Transit System will pave the way for facilitating transit more broadly in the future. Finally, with the support of the World Bank, Myanmar developed the blueprint for implementing the Myanmar National Single Window.

4.10. The National Committee for Trade Facilitation meets regularly and maintains regular liaison with the private sector. In 2019, four working groups were established under the Committee: Transparency and Communication, Single Window, Risk Assessment, and Test Procedures. The situational analysis of the TFA measures foreseen by each working group was made in 2019 and the TACB requirements will be notified to WTO at the end of 2020.

4.11. The Trade Facilitation Enquiry Point is located in the Department of Trade of the Ministry of Commerce.

4.2 Myanmar's Participation in WTO Negotiations

4.2.1 Joint statement initiatives on E-commerce, investment facilitation and MSMEs

4.12. Myanmar is a co-sponsor of the first and second Joint Ministerial Statement on E-Commerce and participates in the ongoing plurilateral negotiations on e-commerce. Myanmar hopes to see an outcome that facilitates the harmonization of Members' policies and regulations affecting cross border e-commerce. Myanmar welcomes the support of its partners in overcoming the challenges faced in developing its e-commerce ecosystem.

4.13. Myanmar is also a co-sponsor of the first and second Joint Ministerial Statement on Investment Facilitation for Development, supporting efforts towards establishing a WTO framework on investment facilitation for development. Myanmar continues to engage in ongoing negotiations and hopes to see an outcome that facilitates the cross-border flow of investments that enhance the sustainable development of its economy.

4.14. Myanmar also co-sponsored the Joint Ministerial Statement on MSMEs and is looking forward to the further discussion and guidance that the process may yield.

4.15. Myanmar also supports the Buenos Aires Declaration on Women and Trade agreed at MC11 in December 2017, which seeks to remove barriers to, and foster, women's economic empowerment.

4.2.2 Fisheries subsidies

4.16. As one of the world's major fishing nations and due to the significance of fish and fishery products to the livelihood and food security of rural and coastal communities, Myanmar has been an active and regular participant in the multilateral negotiations on fisheries subsidies since their beginning, submitting proposals and actively participating in technical discussions as a member of the LDC Group and its Fisheries Subsidies Core Group.

4.17. Overfishing is a major concern for Myanmar. The alarming decline in fish stocks poses a serious challenge for Myanmar's economy, its food security and the sustainability of its natural resources. As indicated earlier, the Government of Myanmar hopes to see an ambitious outcome that reduces the risks of depletion of fishery resources caused by overfishing and overcapacity while allowing Members to sustainably develop the sector, including through effective and appropriate flexibilities for Developing and Least Developed Country Members.

5 MYANMAR IN BILATERAL AND REGIONAL AGREEMENTS

5.1. Progressive regional integration is an important element of Myanmar's Economic Policy. Myanmar has been a member of the Association of Southeast Asian Nations (ASEAN) since 1997 and is committed to the ASEAN regional integration agenda as outlined, *inter alia*, in the ASEAN Economic Community Blueprint 2025. Over the past years, the country made significant progress in facilitating intra-regional trade, aligning its rules and procedures with its ASEAN partners in a wide range of areas, including trade facilitation, competition policy, consumer protection, and intellectual property rights, as well as in services trade liberalization.

5.2. Myanmar adopted several agreements and instruments during the review period to advance its integration within ASEAN, including the ASEAN Framework Agreement on Trade in Services, the ASEAN E-Commerce Agreement, the ASEAN Trade Facilitation Framework, the Agreement Implementation and establishment of the ASEAN Single Window, and the ASEAN Comprehensive Investment Agreement. As an ASEAN member Myanmar is a party to the regional trade agreements concluded between ASEAN and dialogue partners.

5.3. Myanmar is a signatory to the recently concluded Regional Comprehensive Economic Partnership (RCEP) Agreement between ASEAN members states and Australia, China, Japan, South Korea and New Zealand – the five Asia Pacific partners with which ASEAN concluded FTAs. The agreement is comprehensive in its scope, covering goods, services, investment, e-commerce, competition, IP and dispute settlement.

5.4. Myanmar is also a party to other bilateral and regional negotiations and cooperation initiatives including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Greater Mekong Sub-region (GMS), Mekong Initiatives, Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), and the South Asia Sub-regional Economic Cooperation (SASEC).

5.5. Myanmar concluded bilateral investment treaties with Singapore, Israel, Lao PDR, the Philippines, Thailand, Viet Nam, China, India, Japan, and the Republic of Korea, Kuwait, in addition to a host of agreements containing investment provisions concluded between ASEAN and dialogue partners.

5.6. Myanmar is keen to enhance its connectivity in the region. Recent developments include progress in regard to the cross border transport with Thailand (Myanmar- Thailand IICBTA) earlier this year, concluded plans to construct the China-Myanmar Economic Corridor (CMEC) developed in the context of the Belt and Road Initiative in addition to efforts to advance bilateral arrangements for the cross border transport with China, Lao PDR and India.

6 OUTLOOK

6.1. The Government of Myanmar is firmly committed to a comprehensive reform agenda. Major reforms have been, or are being tackled, and many more are under way or await their turn. In fact, the forthcoming MERRP, which builds on the CERP and complements the MSDP in the post COVID-19 era, will place Myanmar even more energetically on the path to reform.

6.2. The Government recognizes the pertinence of 'new generation' issues, not least as part of its quest to achieve diversification, greater value addition, comprehensive sustainability and poverty alleviation. The central importance of e-commerce (including e-government) and digitalization in particular, not least for financial and social inclusion, rural development – 'leapfrogging' where possible – is fully understood and embraced.

6.3. Myanmar will continue to develop trade relations with its partners and will seek to explore new export markets for its goods and services through preferential trade agreements with trading partners.

6.4. Myanmar approaches its future, generally and as a member of the WTO, with optimism and hope. Graduation from LDC status is a medium-term goal and Myanmar will develop the trade aspects of its LDC graduation strategy in the context of the upcoming DTIS Update.

6.5. The continued support of its development partners will be an important factor for Myanmar's progress. The Government is making every effort to play its part in facilitating this cooperation.

6.6. The updated version of the Myanmar Development Assistance Policy (DAP), published in September 2020 and designed to facilitate a greater alignment between development assistance and the MSDP, provides a policy framework and clear procedures to guide and streamline the delivery of development assistance. The Development Assistance Coordination Unit (DACU), chaired by the State Counsellor, is the coordinating body for development assistance. DACU is tasked with ensuring that this assistance is efficient, effective, coordinated and nationally owned.

6.7. Myanmar established the Project Bank – an open, interactive, web-based platform designed to highlight investment projects which further the implementation of strategies and action plans set out in the MSDP with financing *inter alia* from development assistance. It provides a mechanism for the coordination and facilitation of national development projects to ensure a sound foundation for the long term development of the nation. Reporting on development assistance is made publicly available through the Mohinga Aid Information Management System.²³

6.8. Myanmar is a grateful beneficiary country of the EIF since 2013 and welcomes the continued support of its cooperation partners to carry out its ambitious reform and economic transformation agendas.

6.9. With this and other support providing both tailwind and guidance, the Government of Myanmar looks forward to progressive development, increasing regional integration and active participation in the WTO in the years to come.

²³ The Mohinga Aid Information Management System is available at: www.mohinga.info.