SUMMARY

1. Between fiscal year (FY) 2013/14 and FY 2018/19, Myanmar's economic growth averaged a robust 7.1% annually. It made progress in reducing poverty and inequality; Myanmar's per capita GDP grew to over USD 1,300. However, the COVID-19 pandemic significantly impacted the growth rate, which is expected to decline to 1.5% in FY 2019/20. Prudent macro-economic management and the country's relatively moderate level of economic exposure to the global economy are expected to prevent an economic contraction.

2. The services sector continued to be the largest contributor to GDP, accounting for around 41% in FY 2018/19, up from 38% in FY 2013/14. During the same period, the share of manufacturing also rose from 20% to 25%; by contrast, the share of agriculture, forestry, and fishing declined considerably from nearly 30% to 21%.

3. To mitigate the impact of the pandemic, the authorities implemented a number of measures, including budgetary support, preferential loans, tax waivers and deferments, and credit guarantees. Trade and investment measures, including changes in import and export licensing requirements on some products, were also implemented. The authorities pursued an expansionary fiscal policy, which is expected to result in a worsening of the fiscal deficit on account of lower revenues and increased expenditures. The Central Bank of Myanmar (CBM) also loosened monetary policy, by cutting the policy interest rate by a cumulative 3% between March and May 2020 and easing reserve requirements; however, despite these measures, inflation declined as domestic demand remained moderate.

4. In 2018, the CBM allowed market forces to play a larger role in exchange rate determination. As at February 2019, the transaction-based exchange rate was used as the reference rate, which removed the difference between the reference and market exchange rates. More recently, the CBM implemented a rules-based foreign exchange auction mechanism that eliminates multiple currency practices.

5. Because of the COVID-19 pandemic, the current account deficit is expected to widen to 4% of GDP in FY 2019/20, up from 2.6% in FY 2018/19. This figure reflects a projected decline in exports and lower intermediate imports (while COVID-related imports of medicines and medical equipment are expected to rise), as well as a decline in tourism receipts and a weakening in remittances. Exports and imports increased during the review period. Exports were dominated by textiles and textile articles, whose share increased, and petroleum gases and other gaseous hydrocarbons. The main export markets were China, the European Union, and Thailand; the European Union increased its share substantially, while that of Thailand decreased. Major imports were petroleum, machinery, and textile raw materials, whose share substantially increased; the main suppliers were China, Singapore, and Thailand, unchanged since the previous Review.

6. Foreign direct investment (FDI) was concentrated in the oil and gas, power, transport and communications, and manufacturing sectors. Most FDI originated from Singapore, followed by China and Hong Kong, China. The stock of FDI in 2019 was more than USD 34 billion.

7. Several new ministries were established, including two dealing with trade – the Ministry of Investment and Foreign Economic Relations, and the Ministry of International Cooperation. The country's trade policy aims to reinforce its development objectives, expand domestic and international trade, establish an enabling business environment, and support private-sector development. Myanmar supports trade liberalization, and it desires free and fair international trade. It grants at least most-favoured nation (MFN) treatment to all of its trading partners. According to the Corruption Perceptions Index, Myanmar ranked 130th out of 180 countries in 2019 (compared with 172nd out of 176 countries in 2012).

8. Myanmar is an original Member of the WTO. It has not been a party to any dispute settlement proceeding at the WTO, as complainant, respondent, or third party. During the review period, it made a number of notifications concerning, *inter alia*, import licensing, customs valuation, sanitary and phytosanitary measures, and technical barriers to trade. Some notifications remain outstanding, including those concerning state trading. Myanmar's objective in regional trade agreements, particularly those related to the Association of Southeast Asian Nations (ASEAN), is to support a free, open, transparent, and integrated investment regime in the ASEAN region. Myanmar has six

RTAs in force, up from five at the time of the previous Review; the ASEAN-Hong Kong, China, Free Trade Agreement entered into force on 11 June 2019.

9. Myanmar continued to make economic reforms by amending a number of trade- and investment-related laws, some of which were outdated, or adopting new laws. These include the Myanmar Investment Law, the Myanmar Companies Law, the Myanmar Competition Law, the Consumer Protection Law, the Industrial Design Law, the Trademark Law, the Patent Law, and the Copyright Law. The Myanmar Investment Law, which entered into force on 18 October 2016, generally allows FDI except in activities that are specifically prohibited or restricted. Under the Law, the Myanmar Investment Commission may endorse long-term land leases and tax exemption/relief, based on proposals by investors.

10. Myanmar made significant changes to its import and export regimes. In 2016, it launched the Myanmar Automated Cargo Clearance System (MACCS) for both imports and exports. The MACCS automates a number of customs procedures. In 2017, Myanmar started implementing the WTO Customs Valuation Agreement. Furthermore, Myanmar reduced the number of tariff bands from 15 to 11. The simple average applied MFN tariff rate in 2020 was 7.1%, an increase from 5.5% in 2013. The increase is due to the reduction in the number of bands and the change in nomenclature; another consequence of these changes was that the number of tariff lines exceeding the bound rates more than doubled to 70 from 32 at the time of the previous Review. Myanmar has bound 18.4% of its tariffs. In 2016, Myanmar introduced a specific goods tax (SGT) on 14 groups of products; the SGT essentially serves as an excise tax, or an export tax in the case of timber. Additionally, imports are subject to a standard commercial tax rate of 5% on the CIF value.

11. A considerable change occurred in the import and export licensing regimes, both of which moved from a positive list to a negative list. Currently, 3,931 tariff lines require an automatic or non-automatic import licence, while 1,224 tariff lines require an export licence. At the time of the last Review, 1,900 tariff lines were exempt from import licensing requirements, and 983 tariff lines did not require an export licence.

12. Myanmar does not have any anti-dumping or countervailing duty legislation, and it notified this to the WTO. The Safeguard Law was enacted on 29 December 2019, and will enter into force on 1 July 2021.

13. Under the Union Taxation Law of 2019, Myanmar rescinded export taxes on all products except timber exports. Incentives are provided to exporters under the Special Economic Zone (SEZ) Law, 2014.

14. During the review period, the Small and Medium Enterprise Development Law and the Small and Medium-sized Enterprise Development Policy were adopted. Financial assistance programmes for SMEs are provided for under both the Law and the Policy.

15. The Law on Standardization was promulgated on 3 July 2014, and is currently being amended. The main legislation covering sanitary and phytosanitary (SPS) measures are the Animal Health and Development Law, 2020 (adopted on 26 August 2020), the Plant Pest Quarantine Law, 1993, and the National Food Law, as amended in 2013. During the review period, Myanmar made several notifications to the WTO TBT and SPS Committees.

16. According to the authorities, there are no state-trading requirements. Some restructuring and privatization of state-owned enterprises (SOEs) occurred. Currently, there are 30 SOEs. Myanmar is neither a party to, nor an observer of, the WTO Agreement on Government Procurement. The authorities state that Myanmar is considering requesting observer status. Myanmar has no specific legislation governing public procurement, and there is no centralized procurement agency.

17. Myanmar adopted a new Competition Law, which entered into force on 24 February 2017. The Law covers all sectors of the economy; there are no exempt activities/sectors. The Competition Rules were issued on 9 October 2017, and the Myanmar Competition Commission, the enforcement authority that controls and monitors competition, was established on 31 October 2018.

18. Myanmar reformed its intellectual property rights (IPR) legislation, including the Industrial Design Law, the Trademark Law, the Patent Law, and the Copyright Law; Myanmar has not yet

submitted notifications concerning these laws to the WTO. According to the authorities, the implementation of the new IP legislation will start with the Trademark Law. Myanmar does not have legislation to protect the layout designs of integrated circuits and trade secrets. The Intellectual Property Central Committee, chaired by the Vice President, was formed in 2020 to supervise IPR-related matters; the Ministry of Commerce is the focal ministry for IP administration. Data are not available on the enforcement of IPR protection.

19. Agriculture is the main pillar of the economy, as farming is the principal livelihood for most of the population. The sector contributed 24.3% to total exports in 2019, and the country is a net exporter of agricultural products. Following the declaration of COVID-19 as a pandemic, Myanmar applied export restrictions with the aim of preventing shortages of the country's main staple, rice. The restrictions, implemented through a temporary rice export quota, were lifted in May 2020. In response to the pandemic, Myanmar also established a small public rice reserve (about 50,000 tonnes) that was procured through mandatory sales by rice exporters.

20. The mining sector (including quarrying) contributed 1% to GDP in FY 2018/19. Mineral production was carried out by the private sector through joint ventures with designated SOEs. Myanmar introduced significant changes to its mining regime by allowing, *inter alia*, foreign investment in activities previously closed to FDI.

21. The manufacturing sector grew by almost 10% annually since the last Review, due in part to a reform of the Myanmar Investment Law in 2016. The main subsectors were the food and beverages industry, and textiles and clothing industry.

22. The services sector is generally characterized by state involvement through SOEs and restrictions on private-sector and foreign participation. However, since the last Review, Myanmar has significantly liberalized foreign investment. In the WTO, Myanmar made specific commitments in 2 of the 12 major sectors in the GATS classification list (tourism and travel-related services, and transport services).

23. Myanmar's financial sector is small (0.4% of GDP in FY 2018/19). Banking services were opened up to foreign bank branches, and several subsidiaries of foreign banks obtained approval to operate in the country. The insurance sector was gradually liberalized by opening the market first to private domestic insurers, and then, in 2019, to foreign insurers. The telecoms regime changed from a government monopoly to a fully liberalized sector, which led to a substantial improvement in telecoms connectivity. The distribution services sector also transformed significantly. Foreign investment in the sector picked up, partly as a result of a liberalization of the import licensing procedures and the market access regime for foreign services providers. Fully foreign-owned companies established in Myanmar can now engage in retail and wholesale services. Myanmar's tourism sector was hard-hit because of airport closures and travel restrictions due to the COVID-19 pandemic.