CHAPTER 7

Myanmar’s Intermediate Goods Trade and Industrial Development: A Case Study of the Garment Industry

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CHAPTER 7

MYANMAR'S INTERMEDIATE GOODS TRADE AND INDUSTRIAL DEVELOPMENT: A CASE STUDY OF THE GARMENT INDUSTRY

Eitaro Kojima

INTRODUCTION

In this paper, we first examine Myanmar's trade structure and trends, including foreign direct investments (FDIs), with emphasis on fabrics for garment production as the country's sole intermediate goods[1] among major import commodities. Garments, and final goods made up of intermediate goods, are also Myanmar's only industrial product of the main export commodities.

Then, we use Myanmar's garment industry as a case study in analyzing how this industry integrates with the international production and distribution network, through observations on its export markets and raw material imports. In recent years, footwear factories are emerging in Myanmar. As they have a similar structure as the garment plants, some views on the footwear sector will be expressed as well.

For Myanmar to become an industrialized country, such labor-intensive industries should be strengthened at present and more factories and orders attracted into the

[1] Some commodities such as cement and refined minerals could be identified as intermediate goods but those are inputs for industrial energy. This report focuses on intermediate goods that have linkage with industries located in other countries.

country. At the conclusion of this report, a summary and some consideration of future industrial development will be made.

1. MYANMAR'S TRADE STRUCTURE AND TRENDS IN BRIEF

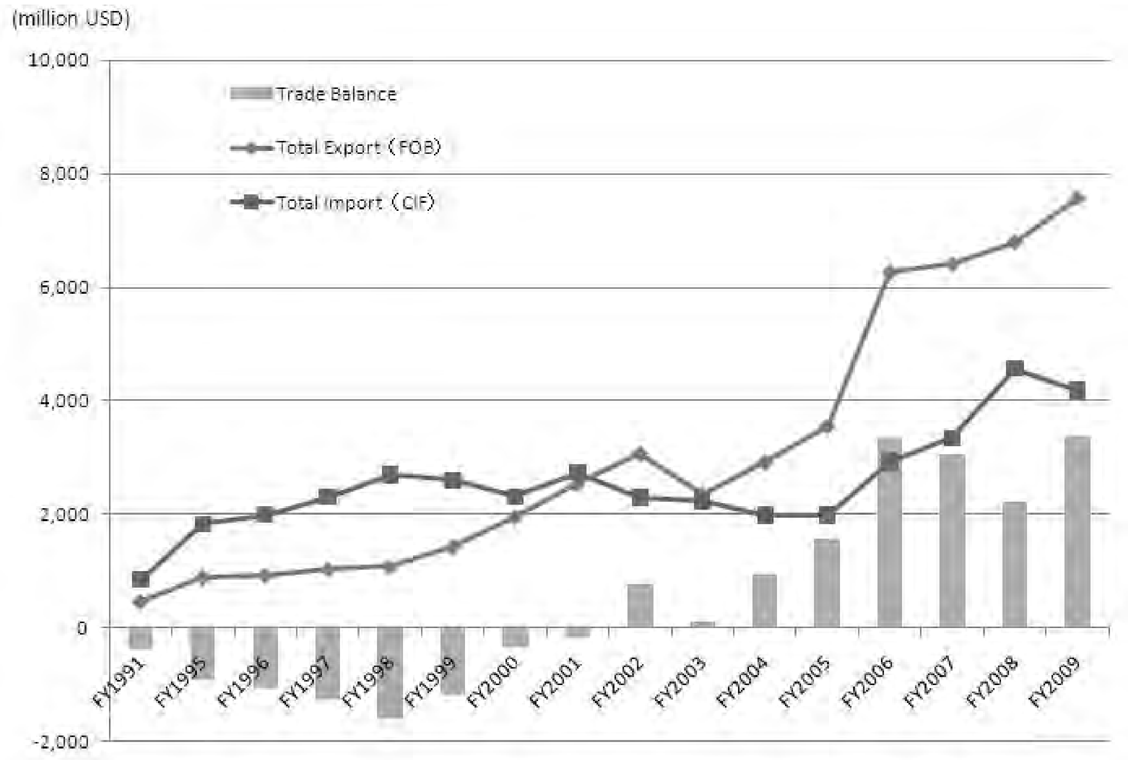
Myanmar's trade has been expanding under the "Export First Policy," which was introduced in 1997.[2] According to Myanmar official statistics, total trade value in Fiscal Year 2009 (April 2009-March 2010) increased 174.5% from the FY 2000 level, with Myanmar enjoying a trade surplus since FY 2002. (Figure 1)

The main export commodities are natural resources and agricultural and fishery products. In FY 2009, total export value was USD 7.5 billion, with natural gas having a 38.4% share as a top item (Figure 2, Annex-Table 1). All natural gas exports go to Thailand. Besides natural gas, agricultural and fishery products such as pulses and beans (a 12.3% share), rice (3.4%) and fish (2.6%) are traditional export goods, and garments (3.7%) are the only industrial product among main export commodities. Intermediate goods cannot be observed in the major export commodities.

On the other hand, Myanmar's main import commodities are final goods such as machinery, transport equipment and industrial energy. The total import value in FY 2009 was USD 4.1 billion.

[2] Myanmar basically has been taking an open-door policy since 1988. However, around the mid-1990s, imports increased much more than exports, and a huge trade deficit and a shortage of foreign reserves became the problem. Because of these and some other reasons, in July 1997 the Trade Policy Council, also known as the TC, was set up and the "Export First Policy" was introduced. Under this policy, importers need to use "earning dollars" by exports for imports. In other words, earning dollars brings import rights. That is why theoretically exports always exceed imports. To assure this policy, export/import licenses necessary for each export/import case have been utilized. For the detailed trade situation and policy from 1988 to 2005, see Kudo and Mieno (2007).

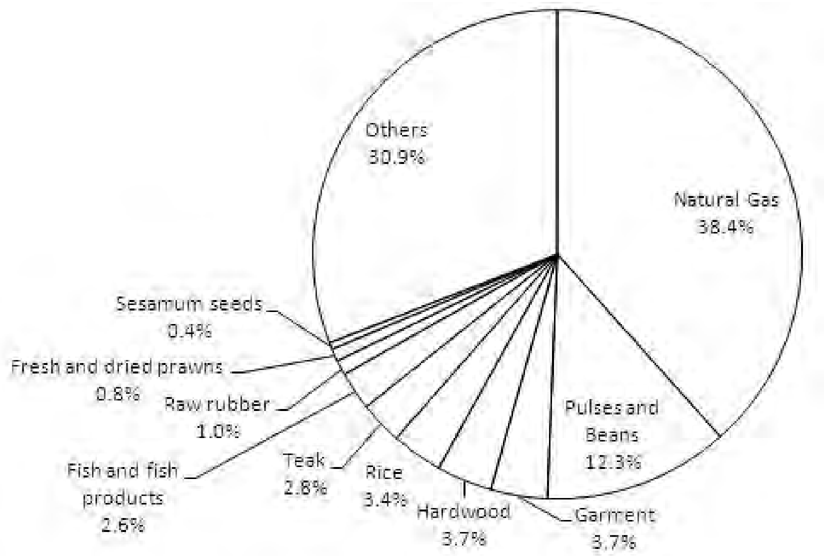
Figure 1: Myanmar Trade Balance



Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.
Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

The leading imports, with a 21.5% share (Figure 3, Annex-Table 2), were non-electrical machinery such as construction machinery and equipment related to natural gas exploration and production, and transport equipment such as trucks. Refined mineral oil (mainly diesel oil) for industrial energy was the second-biggest item with a 16.1% share. Other items were final goods such as electrical machinery and apparatus (4.3%), and edible vegetable oil and other hydrogenated oils such as palm oil (4.3%). Only “fabrics” in the garment industry are specified as intermediate goods among the main import commodities, and they represent just a minor portion.

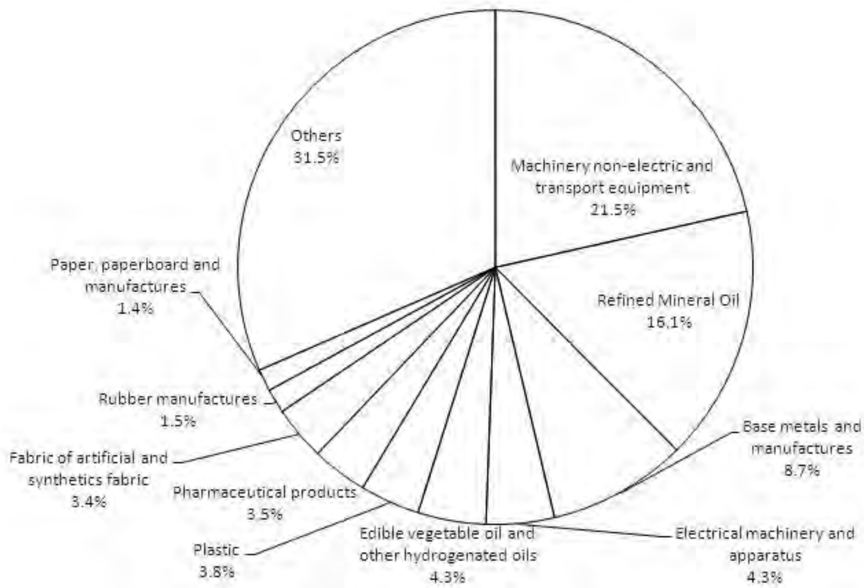
Figure 2: Myanmar Export of Principal Commodities in FY 2009



Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.

Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

Figure 3: Myanmar Import of Principal Commodities in FY2009

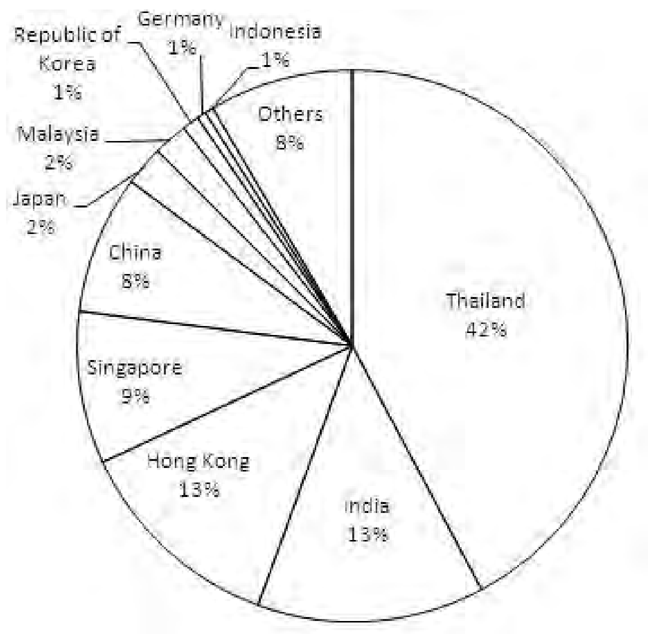


Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.

Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

The main export/import partner countries are East Asia intra-regional nations such as Thailand, India,[3] China, Korea and Japan (Figures 4 and 5). The United States has been imposing an embargo as part of economic sanctions and stopped importing products made in Myanmar after 2003.[4] The EU and other Western countries followed the same policy to some extent.[5] Inevitably, the trade relationship between East Asia and Myanmar became strong.

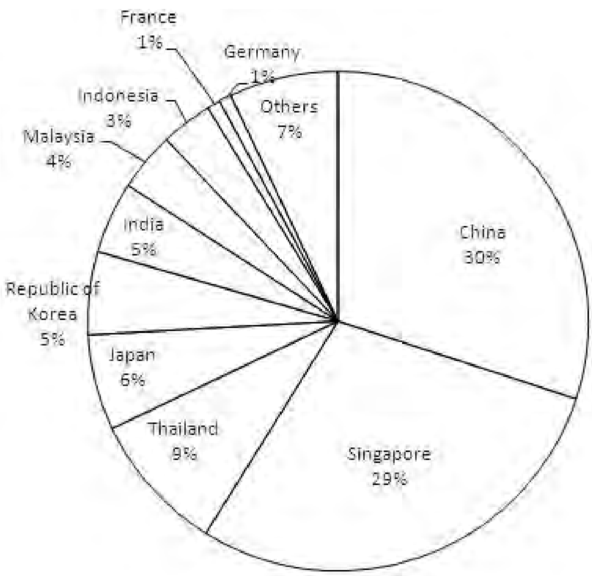
Figure 4: Myanmar Export by Major Countries in FY2009



Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.
Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

[3] India is generally regarded as being in South Asia. However, the regional framework such as from the East Asia Summit/ASEAN+6 and the ERIA includes India. As such, this report also regards India as East Asia.
[4] See the following link for the U.S. economic sanctions, U.S. Department of Treasury, "An Overview of the Burmese Sanctions Regulations" (Accessed 2 December 2010): http://www.ustreas.gov/offices/enforcement/ofac/programs/burma/burma.pdf.
[5] See the following link for EU economic sanctions, Council Decision 2010/232/CFSP of 26 April 2010, renewing restrictive measures against Burma/Myanmar (Accessed 2 December 2010): http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:105:0022:0108:EN:PDF.

Figure 5: Myanmar Import by Major Countries in FY2009



Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.
Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

As we have seen, Myanmar exports mainly natural resources as primary goods and imports mainly final goods with East Asia countries. As a whole, Myanmar's trade is vertical trade with those countries.

Recently, FDIs from East Asia intra-regional countries are also flowing mostly into the natural resources sector such as natural gas, mines and hydro power (Tables 1 and 2). In FY 2010 up to the end of July alone, all FDIs were in the natural resources sector, and they nearly equaled the accumulated total of the previous 20 years. This FDI trend also affects and promotes Myanmar's trade structure. For example, Myanmar is expected to start exporting natural gas and crude oil to China after 2013 through two pipelines that are currently under construction.

Table 1: FDIs Flow into Myanmar by Sector, Approval Basis

(Unit: US$ in millions, %)

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*	Cumulative as of 2009*	%
Oil and Gas	47.6	3.3	44.0	54.3	142.6	35.0	471.5	137.0	114.0	278.6	9811.9	13448.0	42.2
Power	-	-	-	-	-	6030.0	281.2	-	-	-	5030.4	11341.6	35.6
Mining	1.1	-	3.4	1.5	6.0	0.7	-	5.0	856.0	2.5	997.0	2395.4	7.5
Manufacturing	77.4	15.8	13.2	2.8	3.5	-	-	18.7	-	6.0	-	1635.1	5.1
Hotel & Tourism	5.3	-	-	-	3.5	-	-	-	15.0	15.3	-	1093.4	3.4
Real Estate Development	28.0	-	-	-	2.7	-	-	-	-	-	-	1027.9	3.2
Fishery	-	-	26.4	2.6	-	-	-	12.0	-	-	-	324.4	1.0
Transport	7.9	-	-	30.0	-	-	-	-	-	-	-	313.3	1.0
Industrial Estate	-	-	-	-	-	-	-	-	-	-	-	193.1	0.6
Construction	20.5	-	-	-	-	-	-	-	-	-	-	37.8	0.1
Agriculture	20.0	-	-	-	-	-	-	-	-	-	-	34.4	0.1
Others	10.0	-	-	-	-	-	-	-	-	-	-	23.7	0.1
TOTAL	217.7	19.0	86.9	91.2	158.3	6065.7	752.7	172.7	985.0	302.4	15839.3	31867.9	100.0

Note: Data is fiscal year, April-March basis. Total value has been accumulated since FY1990 (It is added FY2004-2010 figures on the total data on “Statistical Year Book 2004”). FY2010 figure is up to August 2010. It might be different from actual amount and varied by investors’ change.

Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

Table 2: FDIs Flow into Myanmar by Country, Approval Basis

(Unit: US$ in millions, %)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Cumulative as of 2009	%
Thailand	25.8	-	-	22.0	29.0	6034.4	-	16.2	15.0	15.3	2146.0	9,568.1	30.0
China	29.0	3.3	-	2.8	126.6	0.7	281.2	-	856.0	2.5	5081.1	6,415.1	20.1
Hong Kong	13.2	1.5	12.9	3.0	-	-	-	-	-	6.0	5394.7	5,566.4	17.5
South Korea	47.2	5.0	0.3	34.9	-	-	37	12.0	-	-	2418.5	2,658.8	8.3
UK	30.6	1.5	-	27.0	-	-	241	-	-	-	799.0	2,470.7	7.8
Singapore	36.9	-	6.1	-	-	-	161	5.0	-	-	-	1,738.5	5.5
Malaysia	9.8	1.5	62.2	-	-	-	-	-	-	237.6	-	898.3	2.8
U.S.A	-	-	-	-	-	-	-	-	-	-	-	582.1	1.8
France	-	-	-	-	-	-	-	-	-	-	-	470.4	1.5
Indonesia	1.2	1.5	-	-	-	-	-	-	-	-	-	241.5	0.8
Netherlands	-	-	-	-	-	-	-	-	-	-	-	238.8	0.7
Japan	-	4.7	-	-	2.7	-	-	-	-	-	-	215.3	0.7
India	-	-	-	-	-	30.6	-	137.0	-	-	-	172.1	0.5
Philippines	-	-	-	-	-	-	-	-	-	-	-	146.7	0.5
Russia	-	-	-	-	-	-	33.0	-	94.0	-	-	127.0	0.4
U.A.E	-	-	-	-	-	-	-	-	-	41.0	-	41.0	0.1
Vietnam	-	-	-	-	-	-	-	-	20.0		-	20.0	0.1
Others	23.9	-	5.4	1.5	-	-	-	2.5	-	-	-	297.2	0.9
TOTAL	217.7	19.0	86.9	91.2	158.3	6065.7	752.7	172.7	985.0	302.4	15839.3	31,867.9	100.0

Note: Data is fiscal year, April-March basis. Total cumulative value has been accumulated since FY1990 (It is added FY2004-2010 figures on the total data on "Statistical Year Book 2004"). FY2010 figure is up to August 2010. It might be different from actual amount and varied by investors' change.

Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

However, garment final goods exports and intermediate goods imports as raw material for manufacturing are exceptional cases in Myanmar's current trade structure, even though their shares are still small. Garments are the major and virtually the only industrial product among export commodities. It could be said that Myanmar's garment industry is integrated into the global distribution and production network. Therefore, the latter part of this report will focus on this garment industry as a case study, analyzing how it integrates with the international distribution and production network through observations of its export markets and raw material imports. In addition, as footwear is emerging as an export product for Myanmar, a related case study will be made as a brief reference.

Garments and other labor-intensive industries are the first key for industrial development. Although Myanmar's external sector and economy itself are highly dependent on the natural resources sector at present, to become an industrialized country in the near future, Myanmar must further develop and strengthen its garment and other labor-intensive industries. From this point of view, some consideration on how to promote and facilitate this labor-intensive industry in Myanmar would be made in conclusion.

2. CASE STUDY 1: GARMENT INDUSTRY

The trade situation of the garment industry is analyzed from aspects of the export market and the raw material imports.[6] It will be observed as to how Myanmar's garment industry is integrated into the international distribution and production network. In

[6] To understand Myanmar's garment industry itself, see Kudo ed. (2008) and Kudo (2010).

addition, for a practical reference of the garment industry, the experimental project related to land-route transportation and utilization by the AJCEP[7] will be introduced.

2.1. Export Market of Myanmar Garments

Myanmar's garment industry came to life in the early 1990s, with exports reaching their highest level in 2001 (Table 3).[8] At that time, the vast majority of shipments went to the United States (44.9%) and the EU (49.6%). However, the U.S. government began to consider an embargo in 2001 and consequently U.S. orders started to decrease. Ultimately, the U.S. government decided to impose the embargo as a part of economic sanctions, and as a result Myanmar's garment industry lost an important, huge market and suffered a lot.[9]

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[7] AJCEP stands for ASEAN Japan Comprehensive Economic Partnership, which was entered into force in December 2008. Simply described, it is a kind of free trade agreement but additionally investment and services agreements are also included.

[8] The selection of 22 main countries for analyzing Myanmar's garment exports is based on the Kudo (2005) report. In more recent years, other countries are emerging as new destinations, including Turkey, South Africa and Argentina. However, those export volumes are still small in proportion to the main exporting countries. As such, the new destination countries are regarded as irrelevant for inclusion in this report.

[9] See Kudo (2005) in detail.

Table 3: Import Value of Main Myanmar Garment Importing Countries

(Unit: US$ in millions, %)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	share 2009
EU (15countries)	94.1	118.0	155.1	276.1	348.8	307.2	339.9	457.4	237.1	256.6	215.7	210.4	174.3	44.2%
Germany	23.1	35.3	40.6	65.2	75.3	66.1	90.9	115.9	96.3	103.6	94.6	91.0	76.7	19.4%
Spain	3.5	3.9	7.6	17.0	26.9	20.6	24.2	43.8	19.8	42.4	45.4	53.8	44.4	11.3%
UK	31.9	26.0	35.0	80.8	97.3	98.6	102.6	139.0	53.8	51.0	36.5	40.0	29.3	7.4%
Italy	5.7	6.8	10.7	29.6	35.1	9.8	15.3	26.1	7.2	11.9	7.6	7.1	7.6	1.9%
Netherlands	4.1	5.2	4.1	13.1	19.2	20.7	21.6	33.3	11.0	14.0	6.8	1.8	5.9	1.5%
France	29.2	33.8	51.4	57.6	70.6	61.7	52.3	62.9	26.2	18.0	11.3	7.8	3.4	0.9%
Japan	1.1	2.3	2.1	4.6	7.5	15.0	32.2	44.8	52.7	71.4	95.5	132.6	149.2	37.8%
Korea	0.1	0.0	0.2	0.7	3.3	1.7	5.0	6.3	7.4	18.2	30.1	30.2	53.9	13.7%
Australia	1.5	2.7	3.6	2.5	3.0	0.3	0.2	0.3	0.2	1.6	3.3	5.5	10.3	2.6%
Singapore	na	na	10.8	26.5	28.4	22.2	29.2	23.6	7.5	8.4	4.3	4.6	3.9	1.0%
Malaysia	0.0	0.0	0.0	0.0	0.5	1.6	2.8	3.2	2.7	3.9	4.1	1.5	3.0	0.8%
Canada	7.8	6.3	11.6	31.6	29.5	22.0	19.9	12.3	5.0	1.9	1.5	0.1	0.0	0.0%
USA	85.3	127.8	185.7	403.5	408.0	298.6	232.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Total (above 22 countries)	189.8	257.2	369.1	745.5	829.0	668.5	661.8	547.9	312.6	362.0	354.7	385.0	394.6	100.0%
Changes (%)	-	35.5%	43.5%	102.0%	11.2%	-19.4%	-1.0%	-17.2%	-43.0%	15.8%	-2.0%	8.6%	2.5%	-

Note: Total value of HS61 (Knit apparel) and HS62 (Woven apparel). To sum up the 22 countries, EU (15 countries) data is used. There is possibility that the total amount of each EU country might not match with EU (15 countries) data.

Source: Each importing custom's data from World Trade Atlas with the cooperation of Mr. Toshihiro Kudo.

Exports to the EU increased up to 2004 owing to the German market, even after U.S. sanctions. Myanmar's garment industry campaigned in some regions through the media to show how it suffered from U.S. sanctions, and the German market remained well aware of Myanmar as a production site. The EU as a whole has not been imposing an embargo on garments made in Myanmar, but it does not offer GSP (Generalized System of Preference) tax exemptions on garments imported from Myanmar. As a result, Myanmar-made garments are less competitive in comparison to those imported from Bangladesh, Cambodia and other countries. In addition, private companies relying on the EU market worried about a possible consumer boycott against products bearing the "Made in Myanmar" label. As a result, even though the German market remained level, after 2004 exports to the EU started to decline.

On the other hand, back around 2000 some of the Japanese garment factories based in China started to diversify their production sites to Myanmar. Concerned about future escalation of costs in China, they were looking for more cost-competitive countries. Myanmar could offer a relatively cheap labor force. Japan's GSP on products made in Myanmar was also a big advantage in cost reduction. Thereafter, Myanmar's exports to Japan started to increase, accelerating especially in 2006 and 2007. In fact, the Japan market became the first destination for the Myanmar garment industry in 2007.

After the "Lehman shock" in 2008, the Japan market shrank and Myanmar's exports slowed. But the Japan market started to demand inexpensive products, and at the same time rising costs and a labor shortage became serious problems in China's garment factories. By 2010, this got stronger and new Japanese orders had shifted from

China to Myanmar.[10]

Recently, Myanmar's exports to Korea have also been increasing. The ASEAN-Korea FTA, which entered into force in June 2007, affected this increase to some extent in 2007 and 2008. The increase in 2009, however, was mainly a result of the shift from the Kaesong Industrial Zone in North Korea because of political tensions, according to some Korean garment factories. As such, the export share of the Korean market became 13.7% in 2009, the third highest behind Japan and Germany. The combined export share of Japan and Korea reached 51.5%, and this trend seems to have become stronger in 2010.

2.2. Raw Material Imports for Garment Factories in Myanmar

Almost all of Myanmar's garment industry for export is conducting the CMP business. CMP stands for "cutting, making and packing" or so-called processing on service charge. Under the CMP scheme, Myanmar garment factories can import raw materials without facing import duties. Normally, the foreign buyers[11] would arrange and supply all necessary raw materials to the Myanmar factories. The garment factories in Myanmar would then process and make the final products, and export them back to the foreign buyers. The factories would receive a "CMP charge" (see Figure 6).

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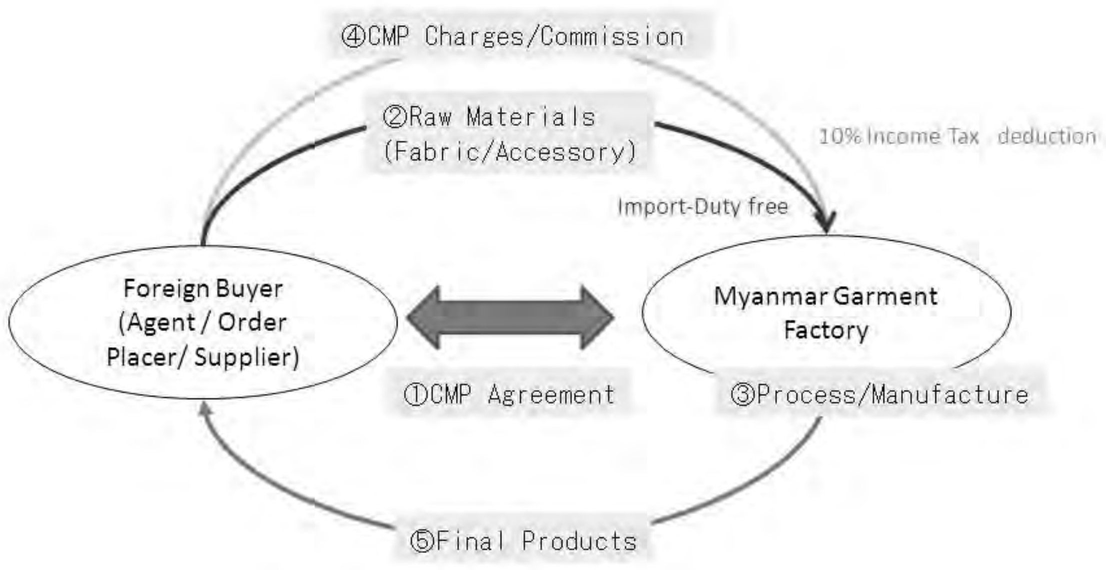
[10] Of course, not all Japanese garment production in China could be relocated to neighboring countries such as Myanmar as a so-called China-plus-one country. The roles of garment factories in China and Myanmar or other China-plus-one countries can be differentiated. For instance, China has the advantage of closeness to the Japan market. So even with higher production costs, China would remain the production base of fashion items that need to be sold quickly. On the other hand, production of non-fashion items such as men's suits, shirts and working uniforms that can be sold at any time could be relocated to Myanmar.

[11] In this report, "foreign buyer" means the company that places the order of garment manufacturing to Myanmar, imports or delivers the final products to its market, and pays CMP charges to the factory. "Agent," "order-placer" and "supplier" are basically the same as "foreign buyer" in this context.

Figure 6: CMP Business Relationship between Foreign Buyer and Myanmar Garment Factory



Source: the Author.

As we can observe from Table 4, not only fabrics but also thread, zippers, hangers and nearly all other necessary raw materials for garment production have been supplied from outside. Many garment factories say that they can procure only carton boxes and plastic bags in Myanmar, and even those are imported for some factories. Total imports of raw materials dropped the same as the export trend, and in 2009 were almost half of the 2001 level.

Table 4: Raw Materials Import for Garment Factories by Commodity

(Unit: US$ in millions, %)

	2001	2003	2005	2007	2009	Share in 2009
Cotton Fabric	133.00	107.82	65.81	94.77	59.94	24.2
Wool Fabric				1.18		0.0
Nylon Fabric	35.45	24.85	11.93	8.38	11.08	4.5
Polyester Fabric	120.95	100.23	78.95	125.74	96.42	39.0
Woven Fabric				0.88	1.34	0.5
Leather				3.12	0.10	0.0
Linen					0.25	0.1
Acrylic Yarn			1.23	3.42	1.86	0.8
Thread	9.76	4.66	1.53	1.80	4.37	1.8
Button	2.62	2.00	1.35	2.20	3.45	1.4
Zipper	5.48	2.98	1.41	3.13	3.79	1.5
Interlining				3.12		0.0
Label	3.49	3.98	2.53	5.21	4.19	1.7
Hangar	2.98	2.13	0.68	0.49	1.52	0.6
Non- category	101.81	74.22	46.04	31.97	58.90	23.8
	415.55	322.86	211.46	285.41	247.22	100.0

Source: collected by the Author.

China is the No. 1 supplier of raw materials to Myanmar, and it boasts a 45.9% share of imports. At USD 113.35 million, the 2009 import value of China indicates an increase of 188.6% from USD 39.28 million in 2001 (Tables 5 and 6). As we can observe, the trend of this increase coincides with a Japan market boom. Of course, China is the major production site of fabrics, thread and other accessories. However, the important factor for this increase is that Japanese factories in China had already established a procurement network for raw materials, and when they moved to Myanmar, they used that network to supply materials to the Myanmar plants.

Table 5: Raw Materials Import for Garment Factories by Country (value and change)

(Unit: US$ in millions, %)

	2001	2003	2005	2007	2009	09/01 changes	09/07 changes
China	39.28	58.31	69.48	123.41	113.35	188.6	-8.1
Singapore	162.85	106.08	68.72	72.97	40.45	-75.2	-44.6
Republic of Korea	67.42	56.60	18.67	20.37	32.44	-51.9	59.3
Japan	4.36	4.21	3.66	8.18	12.23	180.2	49.4
Indonesia	8.96	6.28	5.04	10.03	8.18	-8.7	-18.4
Thailand	13.85	14.67	10.71	11.38	7.62	-45.0	-33.1
Malaysia	11.88	8.46	8.99	9.77	7.04	-40.8	-28.0
Hong Kong	73.47	40.01	14.08	11.90	6.88	-90.6	-42.2
Taiwan	21.97	17.01	4.39	5.89	5.58	-74.6	-5.2
India	0.99	1.06	1.07	3.06	4.01	304.5	31.1
Vietnam	1.06	1.57	1.60	1.89	3.69	248.6	95.3
Germany	1.61	2.80	4.36	4.12	2.27	40.8	-45.0
Australia	0.87	0.29	0.01	1.46	0.84	-2.9	-42.4
Pakistan	1.63	1.28	0.31	0.42	0.71	-56.5	70.3
United Arab Emirates	0.17	0.78	-	0.01	0.26	53.6	2525.9
Italy	0.21	0.05	0.02	0.07	0.21	-1.7	202.7
St. Helena	-	-	-	-	0.19	-	-
Switzerland	2.11	0.69	0.03	0.00	0.18	-91.3	20821.9
Cameroon	-	0.07	0.05	0.04	0.18	-	384.2
Saudi Arabia	-	-	-	-	0.15	-	-
Others	2.86	2.64	0.28	0.45	0.78	-	-
	415.55	322.86	211.46	285.41	247.22	-40.5	-13.4

Source: collected by the Author.

Table 6: Raw Materials Import for Garment Factories by Country (share)

(Unit: %)

	2001		2003		2005		2007		2009	
	position	share	position	share	position	share	position	share	position	share
China	4	9.5	2	18.1	1	32.9	1	43.2	1	45.9
Singapore	1	39.2	1	32.9	2	32.5	2	25.6	2	16.4
Republic of Korea	3	16.2	3	17.5	3	8.8	3	7.1	3	13.1
Japan	9	1.1	9	1.3	10	1.7	8	2.9	4	4.9
Indonesia	8	2.2	8	1.9	7	2.4	6	3.5	5	3.3
Thailand	6	3.3	6	4.5	5	5.1	5	4.0	6	3.1
Malaysia	7	2.9	7	2.6	6	4.2	7	3.4	7	2.8
Hong Kong	2	17.7	4	12.4	4	6.7	4	4.2	8	2.8
Taiwan	5	5.3	5	5.3	8	2.1	9	2.1	9	2.3
India	15	0.2	13	0.3	12	0.5	11	1.1	10	1.6
Vietnam	14	0.3	11	0.5	11	0.8	12	0.7	11	1.5
Germany	12	0.4	10	0.9	9	2.1	10	1.4	12	0.9
Australia	16	0.2	18	0.1	26	0.0	13	0.5	13	0.3
Pakistan	11	0.4	12	0.4	13	0.1	14	0.1	14	0.3
United Arab Emirates	21	0.0	16	0.2	-	0.0	24	0.0	15	0.1
Emirates										
Italy	20	0.1	25	0.0	23	0.0	18	0.0	16	0.1
St. Helena	-	0.0	-	0.0	-	0.0	-	0.0	17	0.1
Switzerland	10	0.5	17	0.2	20	0.0	32	0.0	18	0.1
Cameroon	-	0.0	23	0.0	16	0.0	20	0.0	19	0.1
Saudi Arabia	-	0.0	-	0.0	-	0.0	-	0.0	20	0.1
Others	-	0.7	-	0.8	-	0.1	-	0.2	-	0.3
Total	31	100.0	36	100.0	29	100.0	35	100.0	42	100.0

Source: collected by the Author.

On the other hand, the import value and rank of Singapore, Hong Kong and Taiwan dropped sharply in 2009 as compared to 2001. When the U.S. market was strong for Myanmar, the buying agents for these orders were stationed in those places. From Singapore, Hong Kong and Taiwan, they arranged the raw materials for Myanmar production because of procedural convenience. In particular, Singapore and Hong Kong were just for transit/transport, and the original production countries seemed to be mainland China, Korea, Taiwan and Indonesia, according to the Myanmar Garment Manufacturers Association (MGMA).

If we classify supplier countries by region, 98% of raw materials are coming from East Asia as of 2009 (Table 7). Supplier countries seem to depend on where the export market is, who the foreign buyer/agent is and where they are situated. However, even though each supplier country's value and position changed, as in the China increase/Singapore decrease, the proportion of East Asia as a region has not changed since 2001. It can be said that there is a certain procurement network for the garment industry in East Asia.

As we have seen, half of Myanmar's garment exports depend on the Japan and Korea markets. Moreover, 98% of raw materials are coming from East Asia, especially China which has a 45.9% share. Myanmar's garment industry is strongly integrated into the international distribution and production network in East Asia.

Table 7: Raw Materials Import for Garment Factories by Region

(Unit: %)

	2001	2003	2005	2007	2009
East Asia	98.0	97.5	97.6	98.2	98.0
(ASEAN)	(47.9)	(42.5)	(45.0)	(37.2)	(27.1)
(China only)	(9.5)	(18.1)	(32.9)	(43.2)	(45.9)
North America and EU	1.4	1.8	2.2	1.5	1.3
Others	0.6	0.8	0.2	0.2	0.7
	100.0	100.0	100.0	100.0	100.0

Note: "East Asia" includes ASEAN, China, Hong Kong, Japan, Korea, Taiwan, Australia, NZ and India.
Source: collected by the Author.

2.3. Experimental Project of Land-route Imports from Thailand and Exports to Japan under AJCEP

If we consider garment production in Myanmar for the Japan market, we have to be careful about lead time, delivery time and the kind of clothing, among several other issues.

To deliver by ship the raw materials such as fabrics from China to Myanmar and the final goods from Myanmar to Japan, it normally takes about three weeks because of transit in Singapore or Malaysia ports. Therefore, total lead time from China, the point of raw materials supply, to the Japan market, the destination of the final goods, would be roughly 75 to 90 days. This duration includes the time of manufacturing and internal trade-related procedures in Myanmar. The Japanese buyers are concerned about more efficient and timely delivery to the Japan market.

Regarding the kind of clothing, see Table 8. Even though Myanmar's garment exports to Japan have been increasing, they consist mostly of woven apparel such as men's suits, shirts and working uniforms. Apparel from knitted fabrics such as T-shirts and polo shirts has rarely been produced. This is due mainly to the GSP condition provided by Japan. With GSP, Japan provides tax exemption at importation with Form A on the country of origin for woven apparel that is only sewed in Myanmar. As regards woven apparel production, it does not matter where the raw materials come from. On the other hand, Japan does not provide tax exemption for knit apparel that is only sewed in Myanmar, but instead requires manufacture by thread to enjoy tax exemption. Garment production can be divided into basically three processes: spinning (yarn), weaving (fabric) and sewing (apparel, final clothing). As for knit apparel, Japan requests all three processes for tax exemption, which is currently quite difficult for

Myanmar with its lack of a proper supporting industry.[12]

Table 8: Garment Import to Japan from Myanmar

(Unit: US$ in millions, %)

HS	Description	1995	2000	2005	2006	2007	2008	2009	Share in 2009
61	Knit Apparel	0.38	1.36	0.05	0.06	0.16	0.20	0.31	0.2
62	Woven Apparel	0.61	3.20	52.62	71.34	95.34	132.32	148.84	99.8
	Total	0.98	4.57	52.67	71.40	95.51	132.52	149.15	100.0

Source: Japan customs.

With this as a backdrop, the so-called "experimental project of land-route imports from Thailand and sea-route exports to Japan under the AJCEP" was organized between March and July 2010. Collaboration came from the MGMA, Myanmar International Freight Forwarders Association (MIFFA), Japan External Trade Organization (JETRO) Yangon office, and Myanmar-Japan private companies.[13]

Even from Thailand to Myanmar, it usually takes 7 to 10 days and sometimes two weeks by ship. Therefore, we decided to use a land route between Bangkok and Yangon through the Maesot and Myawaddy border points to reduce logistic time. In addition, the AJCEP offers tax exemption at the time of importation into Japan with

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[12] Japanese orders have been rushing to Bangladesh since 2008, just as Bangladeshi exports to Japan have been increasing year by year. Export value in 2007 was only USD 29.55 million, but by 2009 it had climbed to USD 120.74 million, consisting of USD 66.92 million in woven apparel and USD 53.82 million in knit apparel, according to Japan Customs figures. These shares of woven and knit apparel are quite different from those for Myanmar because Bangladesh has a supporting industry for knit apparel manufacturing and can comply with the Japan GSP conditions.

[13] Actually, this was the second trial case carried out by the MGMA, MIFFA and JETRO. These parties had conducted an export project in October 2009 that transported final men's suits through a land route from Yangon to Bangkok and shipped from Bangkok to Nagoya port in Japan. The results are reported on pp. 278-281, Ishida (2010).

Form AJ for knit apparel that is sewed in Myanmar by using fabric made in an ASEAN country or Japan. This means that the AJCEP allows a tax exemption for knit apparel made in Myanmar with two processes, weaving and sewing, and these processes can be shared among other ASEAN members and Japan. Thailand has the factories for knitted fabric, so we determined to import knitted fabric weaved in Thailand, sew the knit apparel in Myanmar, and export it to Japan under the AJCEP.

Figure 7: Route Map of Experimental Project

Source: ASEAN Logistics Network Map 2008, JETRO.

Some 36 rolls[14] of knitted fabrics were successfully transported from Thailand to Myanmar by the land route.[15] The delivery time from Bangkok to Yangon was about 53 hours, from 29 to 31 March 2010.[16] When excluding the waiting and resting time, it took only about 28 hours.

The final knit apparel after processing (cutting and sewing) in Myanmar was shipped from Yangon to Osaka, Japan, through Singapore. It took 21 days, from 7 to 28 June 2010. Owing to the consideration and cooperation of related ministries in Myanmar, we could receive Form AJ with the submission of a normal certificate of origin (CO) for knitted fabrics issued by Thailand. Then, the import tax of 10.9% at Japan Customs on that knit apparel was successfully exempted with Form AJ under the AJCEP at the beginning of July 2010.

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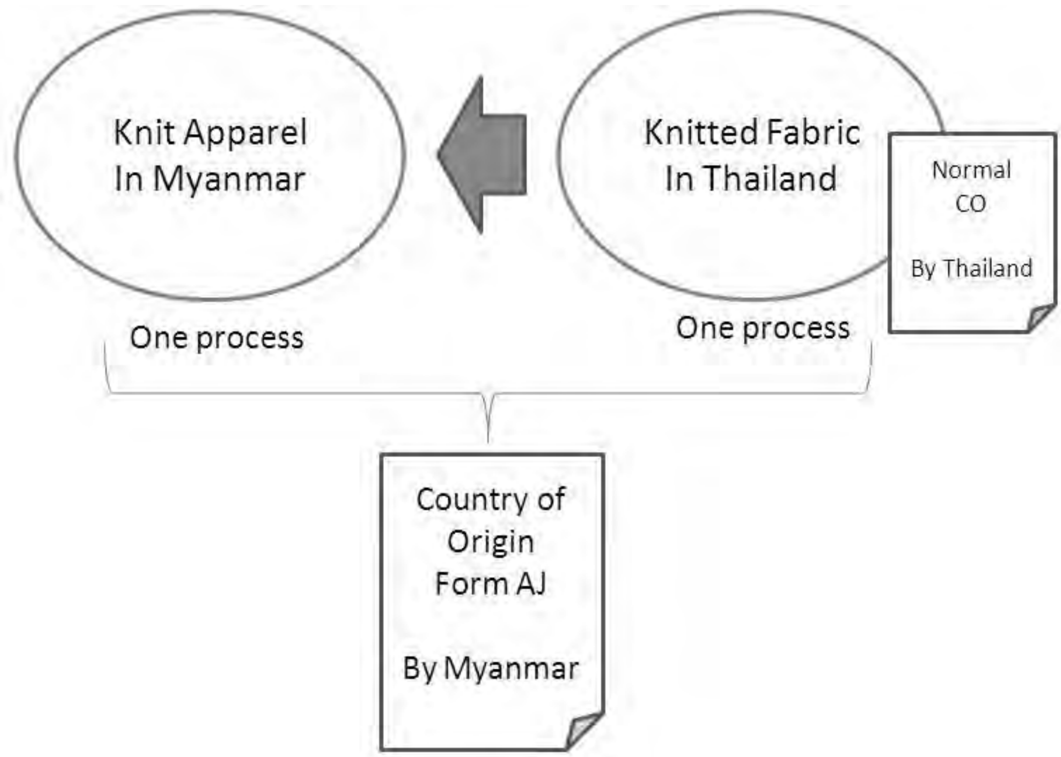
[14] One roll equals 28kg, 0.135M3. Totally, 36 rolls equal about 1 ton and 5M3.

[15] The detailed results cannot be discussed here because of page limitations. However, transshipment at the border, the quality of truck, the road conditions on the Myanmar side and some other issues should be discussed for a better logistic environment. These issues included in the first export project in October 2009 as well were reported in Kojima (2010) at the ERIA workshop in Nay Pyi Taw on 14 September 2010.

[16] Knitted fabrics were placed into the truck at a factory in Bangkok and the truck left at 12:30 p.m. on 29 March. After transiting at the Maesot-Myawaddy border, the truck arrived in Yangon at 17:00 p.m. on 31 March. Customs clearance was made in the Yangon port on 1 April.

Figure 8: Form AJ Issuance with 2 Processes for Knit Apparel



Source: the Author.

This experimental project could be the practical reference for the integration of the international distribution and production network, especially among ASEAN and Japan, with the utilization of a free trade scheme in this region.

3. CASE STUDY 2: FOOTWEAR FACTORIES

Myanmar has seven footwear factories for export, not counting two non-active factories and slipper factories, according to the Myanmar Footwear Manufacturing Association

(MFMA), which was established in June 2009.[17] Even though the MFMA itself just started and there is still a small number of factories that cannot be identified as industry at present, there is a possibility for future growth in this footwear sector. In this section, the emerging footwear sector can be observed in brief from the aspect of the export market and the raw material imports. The author expects a further survey on this sector.

3.1. Export Market of Myanmar Footwear

According to the MFMA, the major exporting countries of Myanmar footwear[18] are Japan, Korea and Germany, with Japan having a 90% share. In accordance with this, the author summarized Tables 9-1 and 9-2 with inclusion of some neighboring countries. Although Table 9-1 might not include all of Myanmar's footwear importing countries, we could grasp the total image of its footwear export. As the MFMA mentioned, this figure also shows that Japan as the top market absorbed USD 72.31 million worth of Myanmar's footwear exports.

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[17] MFMA was established and organized under the Myanmar Industries Association (MIA).

[18] In this report, footwear includes leather shoes, casual shoes, sports shoes, boots, sandals and slippers.

Table 9-1: Import Value of Main Myanmar Footwear Importing Countries

(Unit: US$ in millions, %)

Country	2007	2008	2009	Share
Japan	49.25	56.78	72.31	90.4
EU 15 countries	5.38	2.55	2.88	3.6
Germany	4.44	1.86	1.65	2.1
Korea	0.61	0.96	2.09	2.6
Thailand	1.11	0.27	0.98	1.2
Singapore	0.00	0.01	0.10	0.1
China	0.00	0.01	0.02	0.0
Total	60.80	62.45	80.03	100.0

Note: To sum up the 20 countries, EU 15 data is used.
Source: Each importing custom's data from World Trade Atlas.

Table 9-2: Footwear Import to Japan from Myanmar

(Unit: US$ in millions, %)

HS	Description	1996	2000	2005	2006	2007	2008	2009	09/08 change
64	Footwear	0.85	11.42	35.67	39.61	49.25	56.78	72.31	27.3

Note: There is no record before 1995.
Source: Japan customs.

The author interviewed three of the seven factories from October to November 2010. All do CMP business and export mainly to Japan. They are owned by local Myanmar citizens but have strong relationships with foreign buyers through CMP contracts. Their current production increase is anyhow an effect of the rising costs in

China and neighboring countries and the price-busting/deflation in the Japan market. This reason for the production shift is practically the same as in the garment case. Here are brief summaries of each interview:

Company A started to produce casual shoes and sports shoes in 2003 and exported all output to Japan. Currently, it is exporting mainly to Japan and partially to Korea and some other countries. Form A (GSP) is used for Japan Customs and Form AK (AKFTA) for Korea. Production volume was not available but it is increasing year by year, rising 32.8% in 2009 compared to 2008. Workers in the beginning numbered between 600 and 700 and there were two lines. Currently, there are 2,800 workers and six lines. The volume increase stems from the production shift due to rising costs in China. The factory has a strong relationship with a Japanese company through a Korean company used as an agent. (Interviewed on 4 November 2010.)
Company B has been producing business shoes, sports shoes and sandals since 2007, exporting mainly to Japan and partially to Australia, New Zealand and Thailand. Form A or Form AJ (AJCEP) is used for Japan Customs. The choice of forms depends on buyer-side instruction. Production volume is 20,000 to 30,000 pairs per month, with 300 workers currently. The factory has a strong relationship with a Thailand company that has many connections with exporting countries and Japanese companies. Certain import duties at Japan Customs are imposed on footwear from Thailand but exempted if the products are from Myanmar. That is why production for the Japan market was shifted from Thailand and Japanese customers are increasing at the moment. (Interviewed on 19 October 2010.)

Company C began to manufacture business shoes and casual shoes in 2009. Japan is the only export market. Form A is used for Japan Customs. Present production volume is about 150,000 pairs per year with 300 workers. (At last February, there were only 190 workers). Company C has strong linkage with a Japanese company that operates its own factory in China. The Japanese company's related factory in China cannot make a profit anymore because of wage increases in China and price-busting/deflation in the Japan market. That was the reason for the shift to Myanmar. Even though workers' wages are low in Myanmar, the country's current production costs are still high compared to China's. However, tax exemption at Japan Customs makes it sensible to produce the footwear in Myanmar. The company is thinking of factory expansion due to a rapid increase of orders from Japanese customers. (Interviewed on 18 October 2010.)

3.2. Raw Material Imports for Footwear Factories in Myanmar

Producing final footwear requires many kinds of raw materials, including cowhide (and other kinds of hide), polyurethane (PU) sheet, fabric, rubber sheet for outsoles, thread and shoestrings. Statistics were not available for raw material imports of footwear.

According to interviews with three companies, those raw materials are totally arranged by the foreign buyer on the basis of the CMP contract, and the importing countries are also very much influenced by that. Foreign buyers have established their own procurement network so far, especially in East Asia such as in China, Korea and Thailand, and this cannot be changed easily. On the other hand, the Myanmar cannot provide the proper raw materials domestically and has to rely on imports.[19] Carton

[19] In order to receive GSP tax exemption in Japan, all parts of footwear should be processed in one country. The factory is allowed to import raw materials such as cowhide or rubber sheet from a third country but must process them into parts (it cannot import raw materials as parts). For instance, cowhide should be cut

boxes, sponges and tissue paper are only available at the moment. Attempts were made to use rubber sheet produced in Myanmar or processed outsoles by other supporting companies in Myanmar but the quality was not satisfactory for requirements of the Japan market. Brief summaries of the interviews follow.

Company A, which has a CMP contract with a Korean buyer, said that buyer procures and arranges the necessary raw materials from mainly Korea and partially China, Japan and Thailand. Some high-quality cowhide comes from Germany. All that can be obtained in Myanmar are the carton boxes, sponges and tissue paper. There is one line for processing outsoles from rubber sheet. The company tried to use outsoles made in Myanmar but the quality was low.
Company B, which has a CMP contract with a Thailand buyer, said that buyer procures and arranges the necessary raw materials in Thailand first and then sends them to Myanmar. Cowhide comes from India, Pakistan, the Middle East and Panama. The rubber sheet, fabric, PU sheet and thread are made in Thailand. Glue and chemicals (coloring, etc.) are from Italy and the UK. Only carton (outer) boxes are available in Myanmar. Almost nothing comes from China because of a quality matter.
Company C, which has a CMP contract with a Japanese footwear buyer, commented that more than 90% of raw materials come from China, with the rest sourced in Italy, Thailand, Korea and Japan. That Japanese company owns its footwear factory in China, and it assumes the role of procuring and arranging raw materials for Myanmar instead of manufacturing the shoes.

into the appropriate shape and each part or rubber sheet must be reformed as the outsole.

4. CONCLUSION

Myanmar's external sector as a whole is still highly dependent on natural resources. However, we could observe that Myanmar's garment industry is firmly integrated into the international distribution and production network, especially in East Asia, and footwear factories are also gradually integrating.[20] In those labor-intensive industries, intermediate goods are imported into Myanmar mainly from East Asia, and most of the final goods are exported back to East Asia countries such as Japan and Korea.

According to the fragmentation theory, the assembling/sewing part of garment production is fragmented and located in Myanmar. As we have observed in this report, intermediate goods such as raw material supplies are coming from outside Myanmar, with carton boxes one exception. As for future development, Myanmar needs to produce or invite supporting industries such as fabric factories. However, this will have to wait until some amount of parts assembly is agglomerated in the country. So, in the short term, intensive effort should be made for promoting and facilitating of existing Myanmar's garment industry and footwear companies.

Along these lines, Myanmar needs to reduce the service-link costs such as export/import procedures and related unnecessary documentation, institute proper

[20] Except for in the garment industry and footwear factories, there are only a few cases of integration into the international distribution and production network. The author indentified two electrical parts companies with CMP contracts. They are making parts for electrical products and exporting intermediate parts to assembling factories located in China, Thailand and Japan. The assembling factories in those countries import intermediate parts from Myanmar, assemble, and export to Japan or other countries. Both of them are processing labor-intensive parts. In this report, newly emerging factories related to electrical products cannot be analyzed. The author expects further survey in this sector.

taxation other than the direct 10% tax on export earnings,[21] and develop infrastructure such as electricity supply and logistics to improve the total environment surrounding garment factories.[22] In addition, Myanmar private garment factories should enhance the skills and knowledge of management to strengthen themselves. As we have seen, necessary raw materials are arranged by the foreign buyer under CMP contracts. However, if Myanmar factories continue to depend on foreign buyers' arrangements, not much knowledge related to raw materials, design and pattern-making would be accumulated in each factory and industry.[23] At the same time, Myanmar garment factories need to improve factory productivity and quality level through capacity-building of workers.[24] After that, the competitiveness of Myanmar garment factories will be enhanced and more orders from Japan and other countries could be easily placed to Myanmar.

Let's look at the Cambodia and Bangladesh export volume and number of workers in their garment industries.[25] Export volume to the world was USD 3,645 million for Cambodia and USD 10,920 million for Bangladesh in 2008. Cambodia's is 9.5 times

[21] Export earnings mean the CMP charge earned by the exporter/garment factory. When the CMP charge is remitted to a Myanmar foreign exchange bank, a 10% tax as a corporate tax is directly deducted from that remitted amount.

[22] In this report, detailed discussion cannot be made for this improvement of the business environment, but Kimura (2009) and Kudo (2009) would be helpful in further discussion.

[23] To overcome this situation, garment factories need to buy fabrics and accessories in advance and sell and export final products on FOB basis, but this will affect their cash flow. FOB trade would be more risky but beneficial than CMP business. The management of cash flow in FOB trade is one of the big differences from the CMP scheme. Bank loans might be necessary for present garment factories.

[24] The Myanmar Garment Human Resource Development Center (MGHRDC), supported by the MGMA and JETRO Yangon, has been providing the Industrial Engineering training program for supervisors from factories since 2009.

[25] See Yamagata, Asuyama and Fukunishi (2010) in detail. Export statistics of Bangladesh and Cambodia are based on the WTO statistics database. The number of workers in Bangladesh is sourced from the Bangladesh Garment Manufacturers and Exporters Association, and that of Cambodia comes from the Cambodia Ministry of Commerce.

and Bangladesh's 28.4 times greater than Myanmar's (USD 385 million[26]). The number of workers is 325,000 in Cambodia and 3,100,000 in Bangladesh, an immense contrast to Myanmar's 60,000.[27] Cambodia's population of about 15 million is one-fourth of Myanmar's 60 million people. We know there are still economic sanctions from Western countries on Myanmar, but even so the author wants to point out that the country's garment industry has more room for development.

At last, one of the reasons for relocating factories or orders from China and other countries to Myanmar is that Myanmar can offer a cheap labor force at present. However, this comparative advantage will disappear in the near future as the economy is developed. If other situations remain the same, foreign buyers/orders could easily move out to other countries. In preparation for that, the Myanmar government and private sector need to make efforts on building a more attractive production environment for foreign buyers/orders, as well as for the benefit of Myanmar's private sector itself.

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[26] This is 2008 figure from Table 3.

[27] This Myanmar workers' figure as of October 2010 is based on the interviews of MGMA.

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Annex-Table 1: Myanmar Export of Principal Commodities <custom>

（Unit: US$ in millions, %）

Commodity	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2000 share	FY2009 share	FY09/00 changes	FY09/08 changes
Rice	31.96	112.21	97.47	21.76	31.46	36.83	3.13	100.39	203.98	254.98	1.6	3.4	697.8	25.0
Maize	14.12	8.76	21.35	15.43	28.87	11.12	27.07	30.78	26.14	2.11	0.7	0.0	△ 85.1	△ 91.9
Pulses and Beans	255.27	282.41	271.21	288.87	223.89	322.87	608.45	629.12	746.43	928.07	13.0	12.3	263.6	24.3
Sesamum seeds	18.35	5.97	5.45	30.97	8.99	18.28	29.71	38.07	31.77	33.77	0.9	0.4	84.0	6.3
Niger Seeds	6.84	2.13	1.48	3.69	0.00	0.15	0.66	3.25	3.83	3.35	0.3	0.0	△ 50.9	△ 12.5
Onion	9.62	8.54	7.66	0.23	0.19	4.84	2.40	1.74	3.96	0.59	0.5	0.0	△ 93.9	△ 85.2
Tamarind	0.52	0.65	1.46	2.12	3.06	1.79	3.51	3.11	4.35	3.26	0.0	0.0	523.3	△ 25.0
Oil Cakes	0.05	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	△ 100.0	0.0
Raw rubber	10.25	11.29	13.64	16.57	15.26	35.23	14.39	34.78	22.33	74.33	0.5	1.0	624.9	232.9
Hide and Skin	4.05	5.52	2.97	1.77	2.29	2.60	1.97	0.71	1.76	2.79	0.2	0.0	△ 31.2	58.2
Fresh and dried prawns	92.12	77.18	96.05	98.23	104.25	99.16	105.76	101.08	86.61	63.46	4.7	0.8	△ 31.1	△ 26.7
Fish and fish products	44.85	46.11	71.83	58.60	71.54	93.70	126.18	192.49	178.37	193.08	2.3	2.6	330.5	8.2
Crab	6.65	4.72	3.85	3.89	4.43	4.18	3.71	5.69	7.69	16.75	0.3	0.2	151.9	118.0
Teak	100.21	211.67	213.76	249.01	264.53	296.59	304.42	279.81	210.29	214.78	5.1	2.8	114.3	2.1

Annex-Table 1: Myanmar Export of Principal Commodities <custom>, (continued)

（Unit: US$ in millions, %）

Commodity	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2000 share	FY2009 share	FY09/00 changes	FY09/08 changes
Hardwood	23.37	68.06	74.48	92.87	126.88	176.80	206.82	258.70	195.51	278.43	1.2	3.7	1091.3	42.4
Plywood and Veneer	15.20	15.83	14.94	14.13	16.15	19.67	22.79	20.42	17.52	19.36	0.8	0.3	27.4	10.5
Base metal and ores	49.85	42.81	43.51	56.76	95.58	111.23	110.94	86.27	32.38	33.49	2.5	0.4	∆ 32.8	3.4
Natural Gas	170.98	631.94	911.95	580.33	1014.65	1073.14	2031.03	2532.46	2384.09	2906.13	8.7	38.4	1599.7	21.9
Sugar	0.72	2.23	4.70	1.18	0.00	0.31	0.00	0.00	3.06	23.98	0.0	0.3	3213.4	682.6
Garment	582.79	444.19	458.56	327.87	216.07	272.99	278.63	282.46	292.41	282.97	29.7	3.7	∆ 51.4	∆ 3.2
Others	523.09	566.68	758.19	491.55	686.80	972.27	1341.37	1811.96	2340.36	2232.95	26.7	29.5	326.9	∆ 4.6
Total Export (FOB)	1960.86	2548.95	3074.51	2355.83	2914.88	3553.75	5222.93	6413.29	6792.85	7568.62	100.0	100.0	286.0	11.4

Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.

Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.

Annex-Table 2: Myanmar Import of Principal Commodities <custom>

（Unit: US$ in millions, %）

Commodity	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2000 share	FY2009 share	FY09/00 changes	FY09/08 changes
Milk, Condensed	18.83	13.20	17.96	13.70	17.81	22.24	28.60	30.23	35.50	40.68	0.8	1.0	116.0	14.6
Milk and evaporated	3.20	2.81	3.17	2.94	2.53	2.43	1.10	0.64	1.27	1.10	0.1	0.0	Δ 65.7	Δ 13.1
Milk Powder	4.26	4.33	8.81	4.91	3.89	2.10	4.89	5.60	6.64	7.19	0.2	0.2	68.5	8.2
Others Milk, food including malted milk	2.11	0.82	1.28	1.35	1.17	1.58	2.54	2.51	2.49	2.77	0.1	0.1	31.2	10.9
Taste Powder	0.05	0.04	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	Δ 100.0	0.0
Spices	7.54	4.94	6.16	1.07	1.08	1.58	1.60	2.51	1.39	2.14	0.3	0.1	Δ 71.6	53.8
Edible vegetable oil and other hydrogenated oils	73.19	81.97	54.36	74.77	82.75	98.30	83.18	192.18	295.36	178.89	3.2	4.3	144.4	Δ 39.4
Pharmaceutical products	63.60	59.84	54.33	45.40	54.96	62.33	96.52	115.49	124.56	146.22	2.7	3.5	129.9	17.4
Cement	28.82	26.74	2.96	0.35	3.86	9.52	20.11	27.74	26.88	57.30	1.2	1.4	98.8	113.2
Dyeing tanning and colouring materials	11.49	10.33	16.38	8.74	7.00	6.21	8.87	8.99	7.83	9.64	0.5	0.2	Δ 16.1	23.1
Chemical elements and compounds	28.54	30.04	28.38	26.15	23.45	25.18	27.54	33.69	33.33	45.06	1.2	1.1	57.8	35.2
Fertilizer	39.20	20.95	24.31	22.56	3.51	4.49	12.47	9.45	2.31	10.96	1.7	0.3	Δ 72.0	374.2
Scientific instrument	27.65	28.49	24.05	29.45	22.47	18.62	24.11	25.40	33.87	26.74	1.2	0.6	Δ 3.3	Δ 21.0
Base metals and manufactures	221.38	206.24	144.21	201.14	156.99	200.35	205.88	219.16	333.57	365.31	9.5	8.7	65.0	9.5
Machinery non-electric and transport equipment	405.14	595.31	431.60	465.69	377.93	307.45	472.82	756.16	1328.23	899.71	17.5	21.5	122.1	Δ 32.3
Electrical machinery and apparatus	172.85	165.04	116.54	107.45	152.65	111.16	123.08	156.46	174.02	179.11	7.4	4.3	3.6	2.9

Annex-Table 2: Myanmar Import of Principal Commodities <custom>, (continued)

(Unit: US$ in millions, %)

Commodity	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2000 share	FY2009 share	FY09/00 changes	FY09/08 changes
Paper, paperboard and manufactures	53.02	67.36	66.07	60.22	54.92	50.91	52.67	53.11	71.86	58.31	2.3	1.4	10.0	∆ 18.9
Rubber manufactures	37.40	37.90	46.05	33.34	29.87	24.15	36.65	52.20	47.37	64.32	1.6	1.5	72.0	35.8
Crude Oil	14.73	231.45	134.47	13.20	0.00	0.00	0.00	0.00	0.00	0.00	0.6	0.0	∆ 100.0	0.0
Coal and Coke	1.03	8.85	2.73	7.27	3.00	5.80	5.22	5.09	2.35	1.04	0.0	0.0	1.3	∆ 55.5
Refined Mineral Oil	147.10	312.88	179.32	297.53	237.59	268.67	689.98	369.57	585.62	673.53	6.3	16.1	357.9	15.0
Wheat Flour	20.26	16.69	15.53	1.72	0.12	0.00	0.00	0.00	0.00	0.33	0.9	0.0	∆ 98.4	0.0
Tobacco and Tobacco Manufactures	16.87	27.54	23.62	17.12	21.28	19.48	17.71	12.14	14.79	1.34	0.7	0.0	∆ 92.1	∆ 91.0
Cotton Fabric	17.69	11.78	9.43	8.94	11.61	12.84	8.87	13.08	33.81	25.86	0.8	0.6	46.2	∆ 23.5
Fabric of artificial and synthetics fabric	239.33	232.57	246.16	188.66	143.71	157.87	184.33	212.31	149.95	143.02	10.3	3.4	∆ 40.2	∆ 4.6
Woven and Special Woven fabrics	116.87	68.24	75.96	42.65	25.68	24.70	28.79	24.44	29.99	37.69	5.0	0.9	∆ 67.8	25.7
Garment and laced fabrics	14.21	11.78	8.32	5.09	1.19	0.60	1.25	2.33	3.80	3.41	0.6	0.1	∆ 76.0	∆ 10.2
Plastic	121.57	119.73	126.38	99.81	79.85	98.85	125.19	155.71	166.72	157.50	5.2	3.8	29.6	∆ 5.5
Others	412.73	336.60	428.58	454.21	458.53	444.78	662.68	860.46	1049.64	1047.11	17.8	25.0	153.7	∆ 0.2
Total Import (CIF)	2320.69	2734.49	2297.20	2235.41	1979.38	1982.20	2926.65	3346.64	4563.16	4186.30	100.0	100.0	80.4	-8.3

Note: This figure includes normal and boarder trade. US Value is calculated by official rates. Data is Fiscal Year basis, April-March.

Source: Selected Monthly Economic Indicators, Central Statistical Organization of Myanmar.