

Chapter 1

An Export-oriented and FDI-driven Growth Strategy for Myanmar

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Abstract

After decades of isolation, Myanmar is now actively re-engaging with the global economy. The new political and international environment offers Myanmar a good opportunity to join the global and regional economy. Myanmar's participation in East Asia's production networks will make its economy grow faster, and contribute to the regional economy as a whole. In order to do so, Myanmar needs to seek for export-oriented and FDI-driven growth strategy. Vietnam has successfully pursued this strategy for the last two decades. What happened in Vietnam in the past can happen in Myanmar now, but not automatically.

How to attract and benefit from FDI is a key challenge for Myanmar. The general policies that are expected to enhance overall economic growth are all good for Myanmar to attract more foreign investments and benefit from them. Those policies include stable macro economy, effective financial markets, better infrastructure, open trade and investment policy, supply of skilled workers, and so forth. On the contrary, policy-related restrictions and barriers may deter FDI. A consistent, long-sighted and clear-cut policy on foreign investment is required.

1. Introduction

With the establishment of a “civilian” government led by President U Thein Sein in March 2011, Myanmar launched wide-ranging reforms, including talks with Aung San Suu Kyi, reinstatement of the major opposition party, the National League for Democracy (NLD), release of political prisoners, allowing a free media, and so forth. The striking developments that followed included Myanmar's appointment to chair the ASEAN in 2014, the NLD's landslide victory at the by-elections, and the visit of US President Obama to Myanmar.

After decades of isolation, Myanmar is now actively re-engaging with the global economy. The new political and international environment provides Myanmar with a golden opportunity to re-join the global and regional economy. The country has

embarked on an ambitious program of sweeping reforms to end its isolation and integrate its economy with the global one. These reforms have received active support from almost all nations, as demonstrated by the lifting of western governments' sanctions. Myanmar's future will be decided largely by its ability to remain on course with the reforms and openness.

What is the new growth strategy for Myanmar in this new international environment? In order to consider this question, we shall compare the economic performance between Myanmar and Vietnam over the last two decades. Vietnam offers a sort of counterfactual case to Myanmar, i.e., a transitional economy with open-door policy since the late 1980s *without economic sanctions by the international community*. Beginning with the conclusion, Myanmar can seek the same strategy as Vietnam, i.e., join East Asia's production networks by adopting an export-oriented and FDI-driven growth strategy.

In this paper, firstly, we discuss the suitability of this strategy. Then, we discuss how to realize this strategy, and what the Myanmar government needs to do. Section 2 deals with the export-oriented growth strategy, Section 3 considers an FDI-driven growth strategy. Finally, we summarize the discussion, and provide some policy implications.

2. Export-oriented Growth Strategy¹

As Baldwin (2004) argued, citing Rodriguez and Rodrik (2001), it is not easy to demonstrate statistically the positive relationship between trading openness and economic growth. However, our observations in East Asia after the mid-1980s reveal that it is difficult for a country to achieve rapid growth without being integrated into the global economy. Virtually no East Asian country has achieved high economic growth without a strong export sector, and to do so, the smooth import of capital and intermediate goods is the key, especially in the early stages of export-oriented industrialization.

More than 20 years ago, Myanmar attempted to follow this trend. Soon after the military assumed power in 1988, Myanmar's government launched a series of open-door policies that allowed private firms to engage in external trade and legitimized border trade with its neighboring countries. Consequently, Myanmar's foreign trade

¹ This section is primarily drawn from Kudo and Kumagai (2013).

rapidly increased during the 1990s and 2000s, and its exports grew by a factor of 15 during this period.

Nevertheless, the value of Myanmar's exports in 2012 was significantly lower (about 6%) than Vietnam's (Figure 1). Although Vietnam exported only 2.5 times more than Myanmar did in 1990, it exported more than 17 times the amount that Myanmar did in 2012. Even though the two countries initiated their open-door policies in the late 1980s, why is there such a large gap in export performance?

Figure 1

2.1 Diversification of exports

One difference between Myanmar and Vietnam is the degree of diversification of their exports. Table 1 indicates the shares of the top 10 exports for Myanmar and Vietnam in 2012. Natural gas accounted for more than 40% of Myanmar's exports; it has been exploited offshore in the Martaban Bay and transported to Thailand by pipeline since approximately 2000. In addition, another natural gas field off Rakhine State, Shwe, is under development, and it started export gas to China's Yunnan Province by pipeline in 2013. This will further increase the country's share of natural gas in its total exports. Myanmar's natural gas exports increased from USD 108.6 million in 2000 to USD 3,426.5 million in 2012. Excluding natural gas exports, Myanmar's total exports grew annually by only 6.8% from 2000 to 2012. The second-largest export item was timber (14%), followed by apparel and clothing (12%), and vegetables and fruits (11%). Thus, only four goods accounted for 78% of Myanmar's total exports in 2012. Clearly, Myanmar's exports have yet to diversify.

In contrast, Vietnam's exports are diversified. Telecommunications and sound equipment accounted for 19% of total exports in 2012, followed by apparel and clothing (12%), footwear (9%), electrical machinery and parts (7%), and petroleum and its products (6%). The top 10 goods accounted for 74% of Vietnam's total exports. Moreover, the share of petroleum and its products in Vietnam's exports declined from 33.4% in 1990 to 19.7% in 2000 and further to 6.2% in 2012.

Table 1

Although Myanmar's exports continue to be dominated by primary goods, with the exception of apparel and clothing, Vietnam exports various types of manufactured goods. Figure 2 presents the relative shares of manufactured goods (SITC 5-8) of Myanmar's and Vietnam's exports. These shares were nearly identical between the two economies in 1990 and 2000, approximately 12–13% and 55–58%, respectively. Vietnam, however, steadily increased its export share of manufactured goods to 75% in 2012, whereas that of Myanmar declined drastically to 21% in 2012.

Figure 2

Apparel and clothing are the major manufactured goods exported by Myanmar.² The export share of manufactured goods substantially increased in the late 1990s, primarily because of garment exports to the United States (US) and the European Union (EU). However, the US import ban introduced in 2003 and the EU's unwillingness to source goods manufactured in Myanmar because of human rights issues severely damaged the country's apparel exports, which have not increased much from USD 800 million in 2000 to USD 1,048 million in 2012. In contrast, Vietnam has steadily expanded its apparel exports, from USD 1.65 billion in 2000 to USD 18.15 billion in 2012, 17 times higher than the value of Myanmar's apparel exports.

Another important category of export goods is electrical and electronic (E&E) products. In this paper, E&E products consist of office machines and automatic data-processing machines (SITC75), telecommunications, sound-recording and reproducing apparatus and equipment (SITC76), electrical machinery, apparatus and appliances, n.e.s., and electrical parts (SITC77). Historically, E&E products comprised the primary exports of most East Asian countries. In particular, after signing of the Plaza Accord on exchange rates in 1985, E&E multinational enterprises (MNEs) in Japan and Asian NIEs shifted their production bases to developing ASEAN countries, thus establishing production networks in the region. The dependence on E&E exports indicates a particular country's participation in the East Asian production networks.

Figure 3 presents the share of E&E products in the exports of selected ASEAN countries. Thailand and Malaysia seem to be “graduating” from being dependent on

² See Kudo (2013) for detailed discussion.

massive E&E exports; while Vietnam is increasing its E&E exports. The share of E&E exports for Vietnam has increased dramatically from 13.6% in 2010 to 31.1% in 2012. This seems to be a contribution of smartphones produced mainly by Samsung Electronics. Myanmar, Cambodia, and the Lao PDR seem to be unable to join the East Asian E&E production networks in 2012, but Yazaki Corporation started production of wiring harnesses³ in Cambodia at the end of 2012 and Nikon started production of digital single-lens reflex (DSLR) cameras in the Lao PDR by the end of 2013.

Figure 3

2.2 Joining the East Asian production and distribution networks

As described by Kimura and Obashi (2010), participation in the production networks is essential for the novel development strategy of East Asian countries. These economies aggressively utilize MNEs in an open setting and accept almost all sorts of such firms, which enables them to participate in international production networks and form industrial agglomerations. After this stage, local firms, entrepreneurs, and engineers increase their participation through their penetration into MNEs' production networks.” (*Ibid*, p.1).

Here, we regard the weighted Grubel–Lloyd (GL) index based on the Harmonized System (HS) two-digit level as a “proxy” for the degree of participation in the East Asian production networks. The GL index is a measure of the intra-industry trade of a particular product, defined as $1 - ((X_i - M_i) / (X_i + M_i))$. It takes 1 if the trade for a particular product is reciprocal and balanced, i.e., the trade is completely intra-industry, and 0 otherwise. We calculate the GL index for the HS two-digit level and weight it by the export share of each good and trade partner, and we limit the trading partners to the ASEAN+3 countries. Thus, Figure 4 displays an intra-regional GL index.

Figure 4

Can a higher GL index be interpreted as an indicator of tighter integration into the

³ Wiring harness for automobile is not classified as an E&E product by the definition using SITC, but the product has similar characteristics with E&E products, which require abundant skillful manual labor.

production networks? If two countries reciprocally export the parts and components of a particular industry, we assume the existence of a production network between them. Furthermore, if one country exports the parts and components of a particular industry, whereas the other country exports the final goods of the same industry, we assume the existence of a production network between them. However, if two countries reciprocally export the final goods of a particular industry, can we assume the existence of a production network between them?

If the case of the EU is examined, the answer might be no. For example, Germany exporting BMWs to France and France exporting Peugeots to Germany comprise intra-industry trade but not a production network. If the case of East Asia is examined, the answer is likely yes, because the reciprocal export of final goods in East Asia tends to be intra-firm trading. For instance, under the Innovative International Multi-purpose Vehicles (IMV) project, Toyota exports pickup trucks from Thailand to other ASEAN countries, whereas it exports minivans from Indonesia to other ASEAN countries. This is an example of intra-industry trading as well as a production network.

As mentioned above, Figure 4 indicates the intra-regional GL index for selected ASEAN countries. Note that Malaysia and Thailand, two developed ASEAN countries, have high GL indexes, whereas Cambodia, Lao PDR, and Myanmar—the latecomer ASEAN countries—have low GL indexes. Vietnam's GL index increased from 0.02 in 1990 to 0.40 in 2012, indicating the country's participation in the East Asian production networks during the previous two decades.

For many years, the West pressured Myanmar toward democracy and respect for human rights by ostracizing its military government through measures such as economic sanctions. Now, with the alleviation of military rule that had enshrouded the country, western sanctions have been eased or removed. This implies that Myanmar's products will regain access to global markets and there will be an influx of foreign investment. Thus, Myanmar's economy will become more integrated into the regional and global economies and will have the opportunity to realize its latent potential.

Accordingly, Myanmar's exports will increase and its export goods and destinations will diversify. For this to happen, Myanmar must first demonstrate its ability to host an export-oriented industry. The apparel industry seems to be the litmus test for this step. After that, becoming part of the East Asian production and distribution networks for the E&E sector will be the key for Myanmar to proceed to the next stage of

industrialization. In addition, Myanmar should tap into the intra-regional markets, such as China, India, and Thailand, as well as traditional export markets, such as the United States and the EU. Moreover, utilizing regional free trade agreements and further enhancing connectivity with these countries is important for Myanmar's export-oriented growth strategy.

3. FDI-driven Growth Strategy

During the past decades, academics and policymakers have become considerably interested in attracting inward FDI to fuel economic growth. FDI brings capital, technology, and skills to the host economies. In addition, new investment projects by foreign investors can create employment in the host economies. Several developing countries have attempted to attract foreign investors by offering preferential investment incentives in order to build industrial clusters and to enable participation by local firms in global value chains. Indeed, many East Asian economies have attracted foreign investment and achieved remarkably high economic growth. Figure 5 presents past trends in the growth of inward FDI flows and the economic growth of Indonesia, Malaysia, Singapore, and Thailand.

Figure 5

Although it is difficult to accurately measure the impact of FDI on economic growth, advanced ASEAN countries may be regarded as examples of successful export-oriented growth as discussed in the previous section. The notable commonality of these countries is that FDI plays a significant role in the development of export industries. This is in sharp contrast to the Northeast Asian countries, such as Japan, South Korea, Taiwan, and to some extent, China, which have a large number of domestic firms engaged in export industries.

Table 2 indicates the significance of FDI in the host economies in terms of value added, employment, exports, tax revenue, wages and salaries, R&D expenditure, and capital expenditure. East and Southeast Asia enjoy relatively high FDI contributions related to employment, exports, and R&D expenditure.

Table 2

Drawing on successful experiences with FDI promotion and economic growth, we envisage an FDI-driven growth strategy for Myanmar. In recent decades, Myanmar has been relatively closed to international trade and foreign investment. Whereas other East Asian economies have experienced rapid economic growth, primarily as a result of the opening their respective economies, Myanmar has experienced remarkably slow growth.

However, the current government, led by President U Thein Sein, has signaled that the promotion of foreign investment is an important policy to accelerate economic growth. Therefore, it is becoming increasingly important to identify which policies Myanmar should implement to attract foreign investors and how FDI promotion can contribute to its economic growth.

3.1 How to invite FDI

It is not too much to say that for the developing countries in the twenty-first century, the FDI policy is one of the most important factors to determine any country's economic development. In order for a developing country to benefit from FDI, the first thing it needs to do is to invite FDI to the country. Is it more difficult for poorer countries to invite FDI? The answer is ambiguous. Nunnenkamp (2004) shows that more than 80 percent of the world's FDI in 2000 flows into just 20 countries. At the same time, the author shows that FDI inflow/GDP is related to neither the host country's GDP per capita, nor the absolute poverty indices.

Banga (2003) investigated the relationship between FDI flow and the host country's investment policy and bilateral investment treaties (BITs) for the period 1980-81 to 1990-2000. The author found that a) a larger market size, a better transport and communication infrastructure, and lower lending rate increases FDI inflow, b) FDI inflow from developed countries responded to BITs, labour productivity and the removal of restrictions over the entry and operation of foreign firms, c) FDI flow from developing countries responded to fiscal incentives and various factors that related to production costs, such as labour costs, real exchange rates, and tariff rates.

This study is a suggestion for the government of a developing country to invite FDI.

It seems that stability of the macro-economy (represented by a lower lending rate) and better infrastructure are essential. In addition to that, the FDI from developed countries prefers a smooth operation with less restrictions, while the FDI from developing countries prefers lower operational costs.

In addition to that, Moran et al. (2005) pointed out the importance of providing information for investors, and introduced the study by the Foreign Investment Advisory Service of the World Bank Group, “the social returns from reducing search costs for foreign direct investors, enhancing credibility of information, and facilitating site comparisons are quite high; a net present value of almost four dollars for very dollar spent” (p.391).

3.2 How to benefit from FDI

The successful attraction of FDI inflow to a developing country does not automatically ensure the FDI-driven economic growth of that country. Nunnenkamp (2004) says “It appears much more difficult to benefit from FDI than to attract FDI.” Moran et al. (2005) even says “In protected and distorted economies, a little bit of FDI is likely to worsen the economic welfare of the host a little, while a lot of FDI is likely to worsen the economic welfare of the host a lot more”(p.377).

So, what are the conditions required to benefit from FDI? There seems to be two important points to benefit from FDI. Firstly, FDI should not crowd out domestic investment, but attract more domestic investment. In the case that currently operating or potentially investing domestic firms are replaced by foreign firms, the net gain of FDI remains the productivity difference between the foreign and domestic firms. Even in this case, if pushed-out domestic resources flow into other industries in which domestic firms are highly competitive, the net gain of FDI is much larger, as noted by Nunnenkamp (2004). If FDI flows into a field that it is not possible to cultivate by domestic firms, the net gain of FDI will be larger. But in this case, the spillover effects of FDI seem to be small, as mentioned next. Thus, the complementary and competitive factors between MNCs and domestic firms need to be carefully balanced industry by industry.

The results of the preceding studies on the crowding-in or crowding-out effects are somewhat worrisome. Agosin and Machado (2005) investigated the crowding-in or crowding-out effects of FDI activity in Africa, Asia, and Latin America during the

period 1971-2000 and found no crowding-in effect and some crowding-out effect for Latin America in the 1970s and for Africa in the 1990s. Thus, we must not expect that FDI activity automatically increases total domestic investment significantly.

Secondly, the superior productivity of FDI is desirable if it spills over to domestic firms, through linkages and/or competition. Even in a country that hosts a large amount of FDI inflow, most of the firms are domestic firms. Thus, the spillover of higher productivity from FDI to these domestic firms is the key to multiply the economic benefits of FDI.

The industrial linkages can be classified into horizontal and vertical. Horizontal linkages are the interaction between the firms at similar production stages, such as sharing information, skilled labour, and competition, to improve efficiency. Vertical linkages are cooperative interaction between firms at different production stages, represented by buyer-supplier relationships. The vertical linkages are classified into forward linkages, which are the influence of sellers to buyers, and backward linkages, which are the influence of buyers to sellers.

Görg and Greenaway (2004) surveyed various econometric studies on FDI and found that the evidence of positive horizontal spillover is rather weak, and there are a number of studies that found evidence of negative horizontal spillover in transitional economies. Javorcik (2004) conducted an econometric analysis on the horizontal/vertical (backward, forward) FDI spillover effect in Lithuania and found the existence of spillover through backward linkages. Machikita and Ueki (2010) investigated the effects of buyer-seller networks on innovation in some of the ASEAN countries and found that firms that dispatched engineers to their customers achieved more innovation than firms that did not.

A desirable spillover effect is if the invitation by the 'anchor' MNC prompts investment by the suppliers and some of them are domestic firms, then, the productivity of domestic suppliers is improved through the backward linkage from the MNC. Good examples might be the electronics industry in Penang, Malaysia, and the automotive industry in Thailand.

As Görg and Greenaway (2004) summarized, the consensus is that the general policies that are expected to enhance overall economic growth, such as better infrastructure, open trading policy, supply of skilled workers, will all benefit from the spillover effects of FDI. However, Myanmar is ranked 182nd out of 189 countries in the

ease of doing business ranking by the World Bank (2013). This should be addressed quickly in order not only to invite FDI but also gain from the spillover benefits.

On the other hand, the effects of the specific policies intended to facilitate spillover directly are much more uncertain. Moran et al (2005) insists that the regulations on local content, joint ventures, and technology sharing requirements are not effective and harmful for the host economy. On the contrary, Javorcik (2004) in Lithuania found that the spillover effects are best observed in joint-venture projects between domestic and foreign firms, but not in fully owned foreign investments.

When considering an FDI policy, the government of the host country should clarify what benefit can be expected from FDI, and what side effects should be restrained. Narula and Dunning (2010) stated “Given the heterogeneity of MNE activity, it makes sense that MNE promotion and industrial policies are fine-tuned to specific industries in particular countries rather than a general, one-size-fits-all approach”(p.283).

3.3 FDI in Myanmar

Lastly, we review the current status of inward FDI in Myanmar in comparison with its neighbors. Among the CLMV and Thailand, Myanmar’s ratio of inward FDI to GDP is the lowest. This ratio substantially declined from 36.1% in 2000 to 18.2% in 2011, indicating that international sanctions probably affected inward FDI to Myanmar (Table 3). The US has prohibited new investment by US companies in Myanmar since 1997 and implemented a trade and financial ban in 2003. Moreover, the EU imposed various sanctions, such as depriving imports from Myanmar of GSP (Generalized System of Preferences) status since 1997. These successive sanctions severely damaged multinational firms’ interest in investing in Myanmar.

Table 3

Thus, Myanmar received almost no FDI from the developed countries for manufacturing and services. In contrast, most FDIs in Myanmar were driven by resource-seeking motives, particularly in the energy sector, by its neighboring countries such as China and Thailand (Figure 6). Investments include hydropower projects in mountainous areas as well as gas exploitation and pipeline projects to export electricity and gas to China and Thailand.

Figure 6

However, nearly all the sanctions have now been either relaxed or lifted in response to the reforms by the Thein Sein administration. The international business community has drastically altered its perception of Myanmar, from that of an outpost of tyranny, to the last economic and business frontier in Asia. Since mid-2011, business missions to Myanmar have boomed, and hotel and office rental charges have jumped three to five times. Accordingly, the number of foreign investment in manufacturing is increasing rapidly, although its value is still low (Figure 7). Apparel industry is still the majority in manufacturing, but we also observe more diversified manufacturing foreign investments such as electric and automotive ones. Thus, Myanmar is able to pursue FDI-driven growth strategy.

Figure 7

4. Policy Implications

To explore the potential benefits of FDI, Myanmar must first attract FDI and develop an appropriate strategy to spread the benefits across the national economy. According to the experiences of its forerunners among the ASEAN countries, general policy recommendations need to be simple and conclusive. These policies include (1) developing and improving various infrastructures, (2) stabilizing the macro-economy, (3) establishing an open trading policy, (4) providing capable human resources, and (5) establishing an investment promotion agency.

In contrast, the effectiveness of various policies intended to facilitate spillover directly, such as regulations on local content, joint ventures, and technology sharing, is arguable. If implemented, these restrictions are expected to impact FDI inflows negatively, particularly from the developed countries. Moreover, these policies are prohibited by the TRIMs (Trade Related Investment Measures) agreement by the WTO and are difficult to implement, although developing countries are temporarily exempted from the prohibitions as long as their policies comply with Article XVIII of GATT

(General Agreement on Tariff and Trade) that considers the difficulties of developing countries.

Myanmar's government also needs to design an FDI policy by industry. The World Investment Report (UNCTAD, 2012) shows this complicated nature of FDI policy. National regulatory changes for FDI in 2011 are classified as either 'more favorable' or 'less favorable' (*ibid.*, Table III.2. in p.77). Overall, 78% of regulatory changes are classified as 'more favorable' and the general trend in FDI policy is continued liberalization. However, the ratio of more/less favorable is very different by industry. In 2011, the sectors in which the regulatory changes for FDI were more favorable were in services other than financial (100%, classified as 'more favorable'), electricity, gas, and water (100%), transport, storage, and communications (86%), and manufacturing (71%). On the other hand, the sectors in which the regulatory changes for FDI were less favorable were the extractive industries (43%), agribusiness (50%), and financial services (50%).

As was often the case with the developing countries, Myanmar has more rigorously regulate FDI inflows into the services' sectors including financial services, logistics, wholesale distribution, and retailing, rather than manufacturing. However, some of those services are critically important even for the growth of the manufacturing sector, and they are not supplied by national firms. For example, high quality and sophisticated financial services cannot be provided by the national banks at present. In this sense, the recent news that foreign banks will be allowed to operate in Myanmar only for transactions with foreign firms operating in Myanmar is welcome.

There are ample lessons for Myanmar to learn from the experiences of its neighbors. For instance, even Malaysia, one of the countries that have aggressively utilized FDI for national economic development, has been opening up their industrial sectors to FDI step by step. They allowed 100% foreign ownership only for the companies that export their product 100% at the beginning, then gradually reduced the threshold for export requirements and increased the upper limit of foreign ownership. It was not until 2003 that Malaysia opened up almost all the manufacturing sector to 100 percent foreign ownership regardless of the level of exports. As for the service sector, they liberalized 27 service sub-sectors and allowed 100 percent foreign ownership in 2009 and further 17 sub-sectors in 2012, while the upper limit of foreign ownership in banking and insurance sectors and some of distributive trade services are still retained. The foreign

ownership is still restricted also in the following industries such as the upstream oil and gas industry, telecommunications, electric power suppliers and broadcasting.

In this way, there are no one-size-fits-all policies regarding FDI. Myanmar can capitalize on its latecomer advantage to learn lessons of forerunners, and design a comprehensive and consistent set of policies to promote FDI and benefit from it accordingly.

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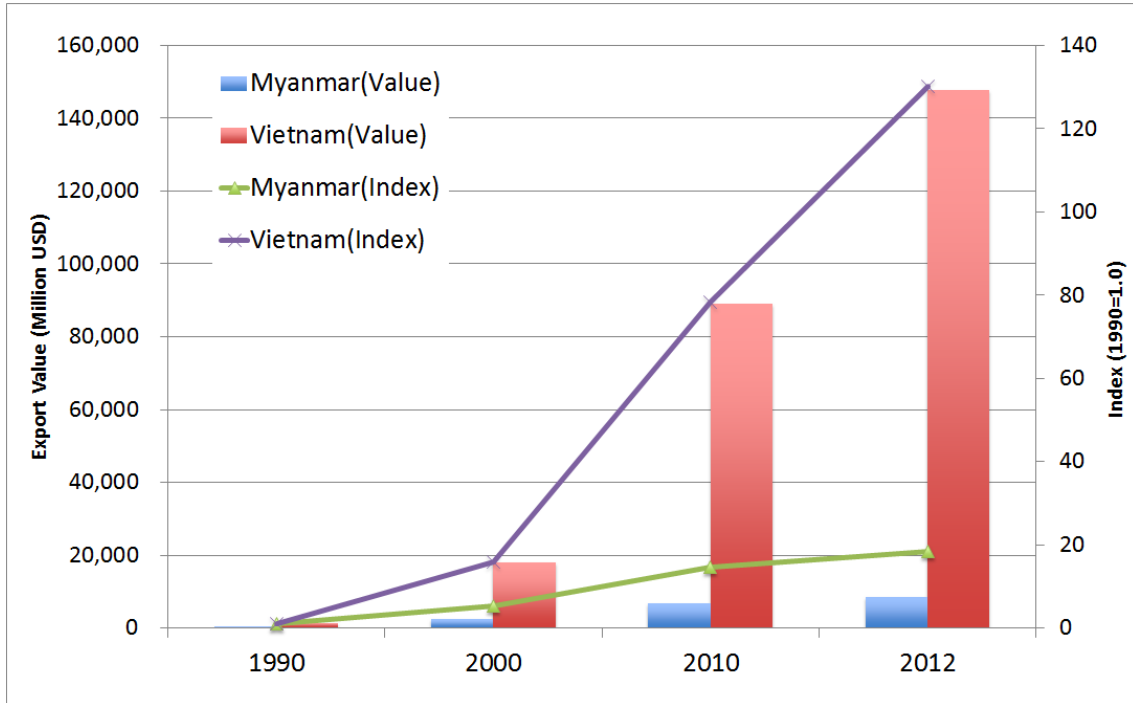
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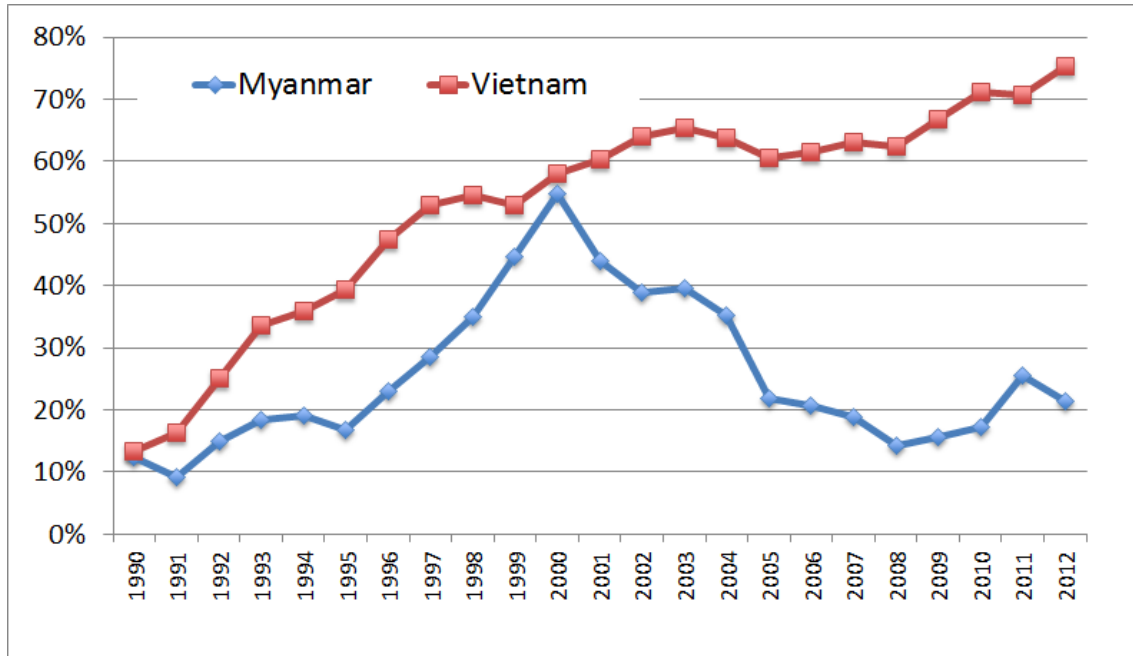
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Figure 1
Exports of Myanmar and Vietnam



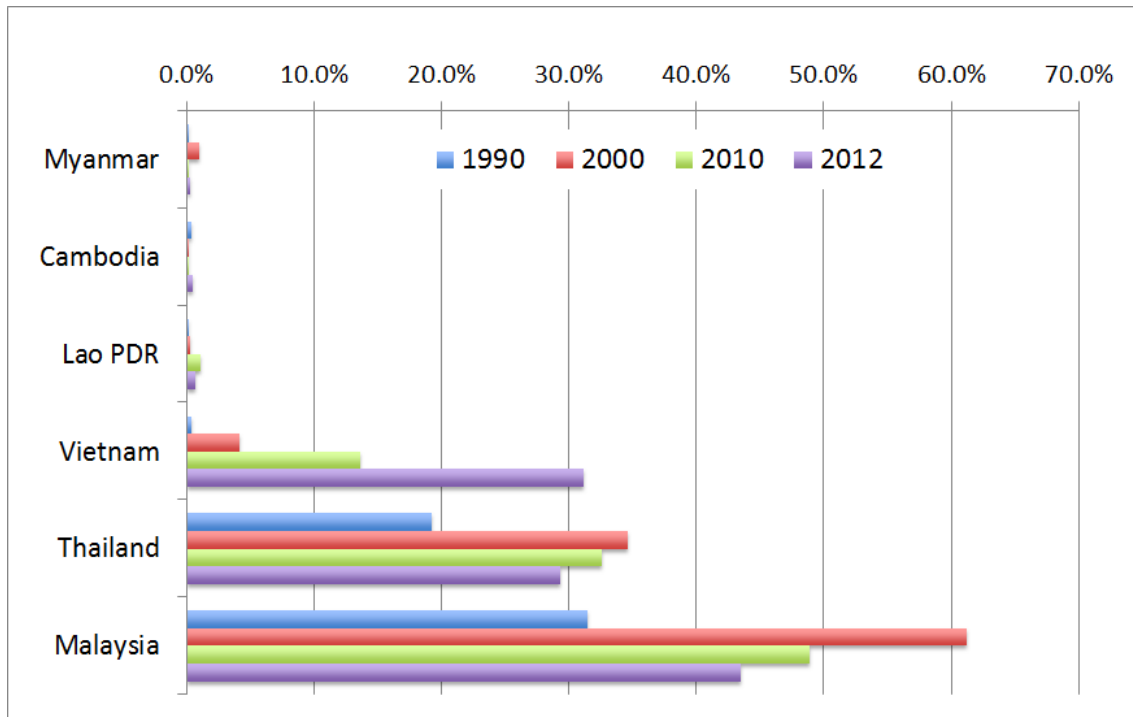
Source: UN Comtrade.

Figure 2
Share of manufactured goods in exports (1990-2012)



Source: UN Comtrade.

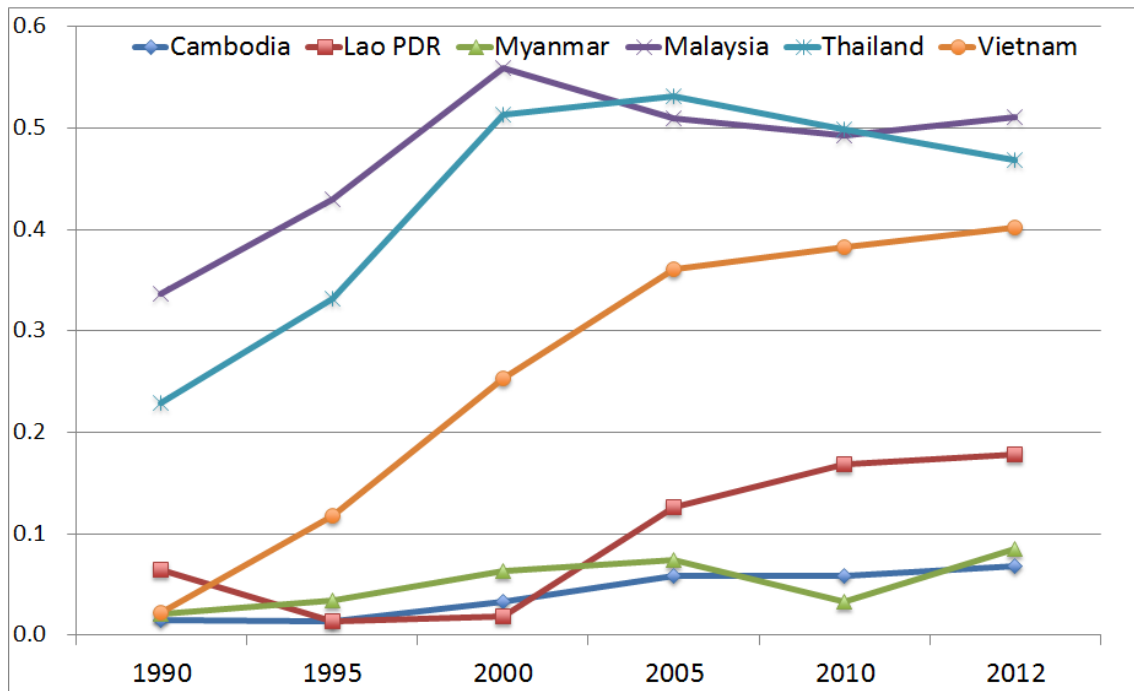
Figure 3
Share of electric and electronic products in exports



Source: UN Comtrade.

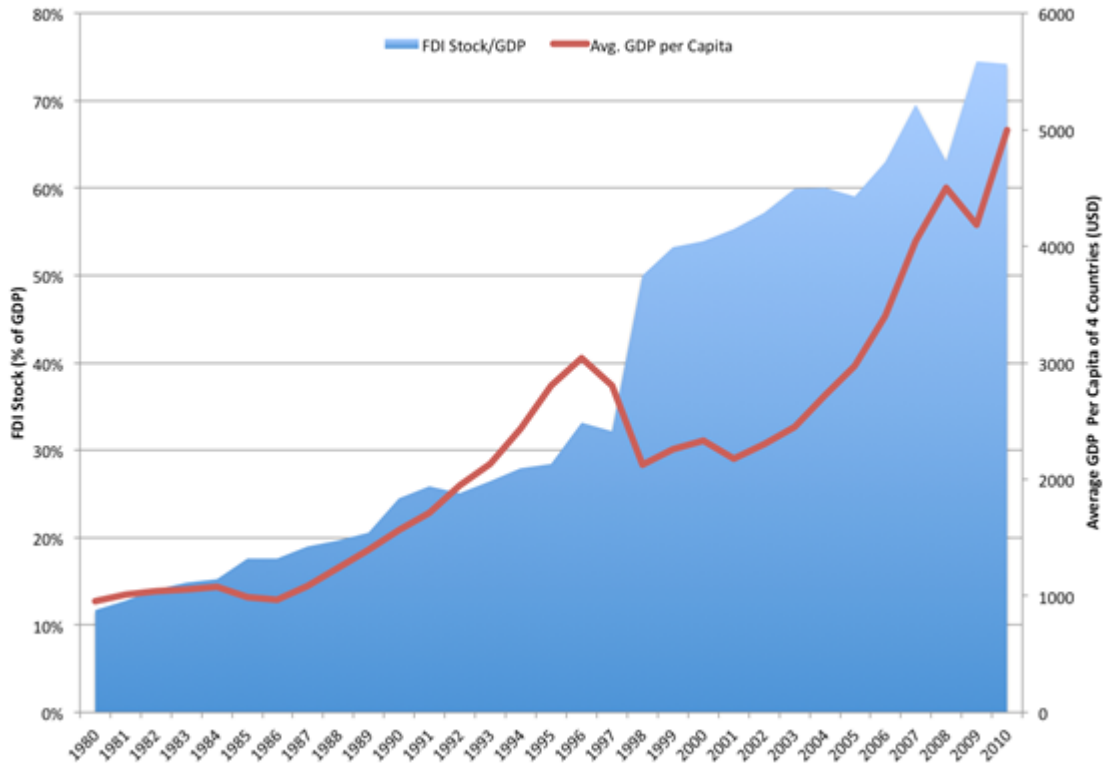
Figure 4

Intra-regional Grubel-Lloyd index for selected ASEAN countries



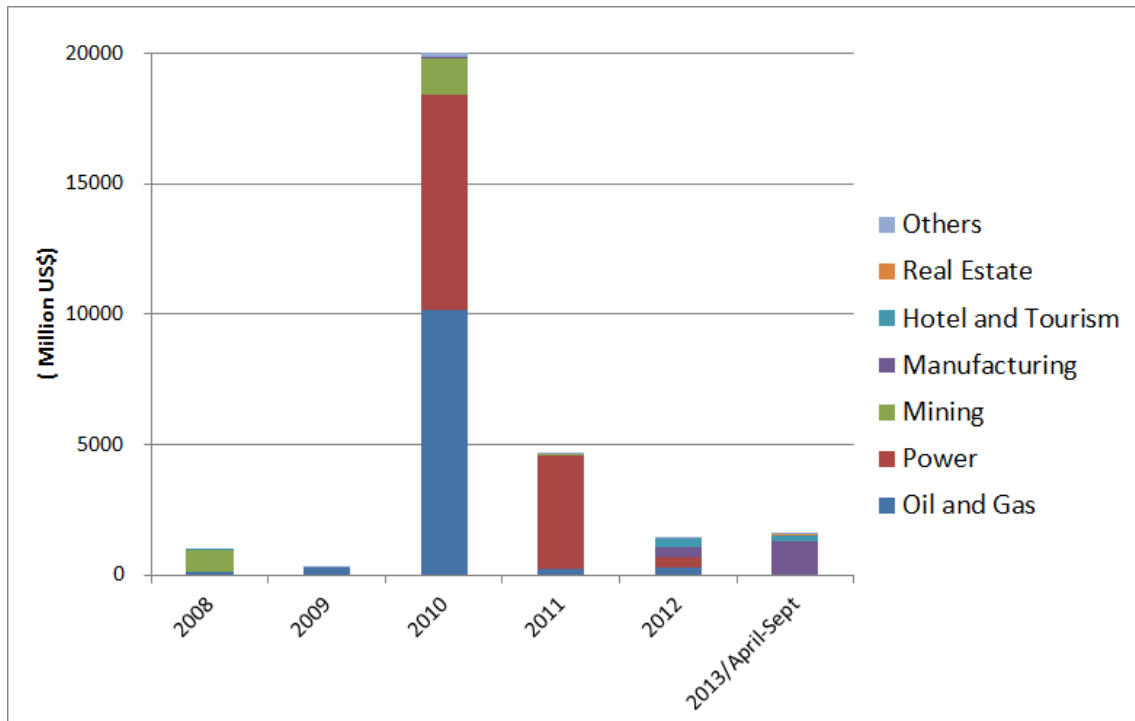
Source: UN Comtrade.

Figure 5
 FDI stock and GDP per capita for four countries



Source: UNCTAD (2012).

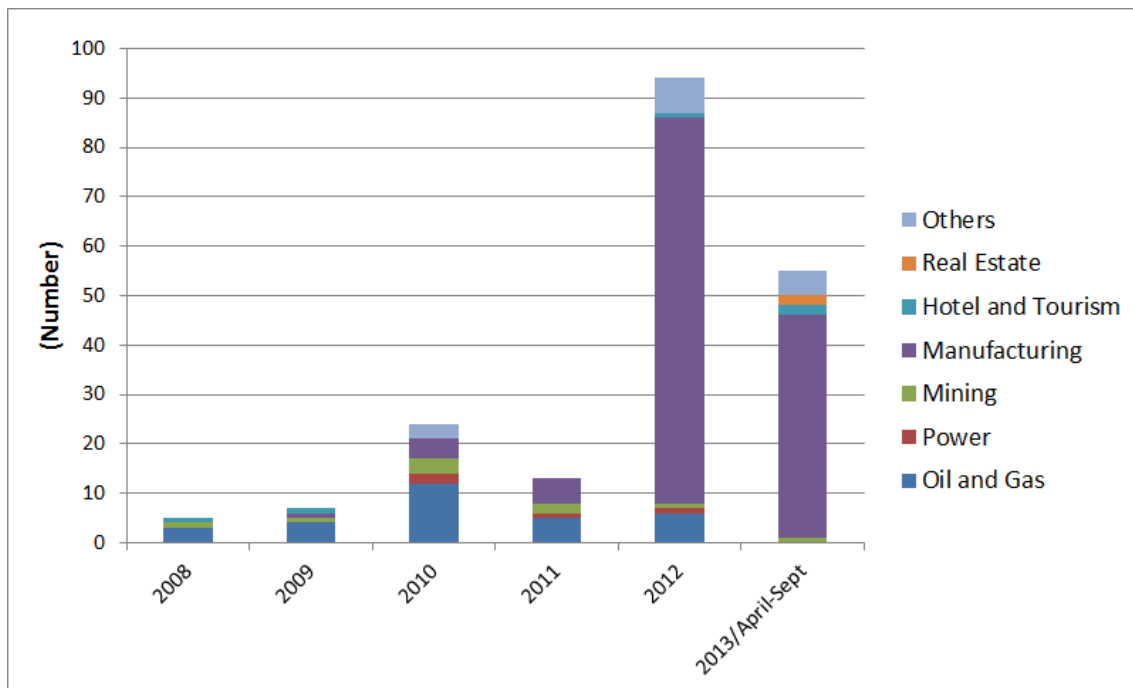
Figure 6
 FDI to Myanmar by sector (Approved value)



Source: CSO, Selected Monthly Economic Indicators (Sept., 2013).

Figure 7

FDI to Myanmar by sector (Approved numbers)



Source: CSO, Selected Monthly Economic Indicators (Sept., 2013).

Table 1
Shares of top 10 export goods of Myanmar and Vietnam (2012)

Myanmar				Vietnam			
SITC	Description	Value (USD million)	Share	SITC	Description	Value (USD million)	Share
34	Natural gas	3,426.5	40.6%	76	Telecom. & sound equipment	28,737.1	19.4%
24	Cork & wood	1,149.9	13.6%	84	Apparel & clothing	18,153.8	12.3%
84	Apparel & clothing	1,048.3	12.4%	85	Footware	13,099.4	8.9%
05	Vegetables & fruits	950.0	11.3%	77	Electrical machinery & parts	9,888.2	6.7%
03	Fish, etc.	302.6	3.6%	33	Petroleum & petro products	9,122.6	6.2%
66	Non-metal minerals	280.9	3.3%	75	Office machines	7,420.1	5.0%
28	Ores & metal scrap	233.6	2.8%	03	Fish, etc.	6,366.4	4.3%
23	Crude rubber	196.9	2.3%	07	Coffee, tea, etc.	6,277.5	4.2%
85	Footware	119.3	1.4%	82	Furniture	5,853.6	4.0%
04	Cereals	112.5	1.3%	65	Textile	4,023.9	2.7%
	Others	612.8	7.3%		Others	38,856.0	26.3%
	Total	8,433.3	100.0%		Total	147,798.6	100.0%

Source: UN Comtrade.

Table 2
UNCTAD's FDI contribution index, by host region, 2009

(Percentage shares in each variable's total for the region)

Region/economy	Value added	Employment	Exports	Tax revenue	Wages & Salaries	R&D expenditures	Capital expenditures
Total world							
Developed countries	12.7	7.5	19.3	13.9	14.6	24.2	10.5
Developing economies	12.2	7.9	17.3	14.6	15.4	24.1	11.6
Africa	21.7	7.3	..	..	21.7	37.2	18.4
East & Southeast Asia	10.5	9.9	30.9	7.7	8.9	22.5	6.2
South Asia	10.3	6.1	..	..	16.0	..	3.8
West Asia	16.8	5.5	1.9	..	15.0	..	3.8
Latin America & Caribbean	15.9	6.0	17.9	18.9	16.0	35.0	14.8
Transition economies	21.7	3.0	..	..	11.2	15.4	25.7

Source: UNCTAD (2012, p.33).

Note: Data from economies not listed in the FDI Contribution Index (because they do not cover at least four of the seven variables), are included in these calculations.

Table 3

FDI inward stock in selected Southeast Asian countries

TableXX: FDI inward stock in selected Southeast Asia countries

	FDI inward stock (Million USD)			FDI inward stock/GDP (%)			Number of greenfield FDI		
	1990	2000	2011	1990	2000	2011	2005-07	2008-10	2011
Bangladesh	477	2162	6166	1.6	4.6	5.4	24	66	18
Cambodia	38	1580	6850	4.2	43.3	52.1	21	103	37
Lao PDR	13	588	2521	1.4	35.9	31.9	27	49	13
Myanmar	281	3211	9123	10.1	36.1	18.2	6	16	11
Thailand	8242	29915	139735	9.6	24.4	41.2	377	827	137
Vietnam	1650	20596	72778	25.5	66.1	59.8	657	797	172

(Source) UNCTAD, WIR 2012; IMF, World Economic Outlook Database, Oct., 2012.

Source: UNCTAD, *World Investment Report 2012*; IMF, *World Economic Outlook Database*,

October 2012.