

## INTRODUCTION

Since, Myanmar has changed its economic course from a centrally planned economy into a market oriented system, a series of structural reforms had been introduced and new legal policy instruments given the private sectors including foreign investors and businessmen the right to do business to make investment in the country were enacted. The Government of Union of Myanmar has recognized the private sector as a prime-mover of the market mechanism and pays great attention for its development. All out efforts are being made to encourage the active participation of private sectors in foreign trade and giving full support in every angle.

Like most developing countries; Myanmar is mainly an exporter of agricultural and other primary products while its imports consist largely of manufactured goods. Main export items include agricultural products such as rice and rice products, pulses and beans, forest products, fishery products, metals and minerals inclusive of natural gas, precious stone and pearls, amongst other. The major import items are capital goods, industrial raw materials, spare-parts and consumer goods. In the short term and medium term, the export and import patterns may more or less remain unchanged, but in the long term with the development of natural resources-based industries and implementations of economic reforms, it can be reasonably expected that Myanmar export/import pattern may become value- added items like semi-manufactured products.

Union of Myanmar is a founder member of GATT and a signatory member of WTO. Apart from the membership of international organizations, Myanmar is also a member of various Regional Groupings, such as, Association of South-East Asian Nations - ASEAN, Greater Mekong Sub-region-GMS, Bay of Bengal Initiative for Multi-sect oral Technology and Economic Cooperation - BIMST-EC and Ayarwaddy -Chao Phaya-Mekong Economic Cooperation Strategy - ACMECS. As a member of international and regional organizations, Myanmar has been implementing the obligations relating to trade facilitation where each and every group has adopted and negotiated with its own way to facilitate trade.

## THE FUNCTION/STRUCTURE OF THE ORGANIZATION

The Ministry of Commerce is one of the Ministries of the Government of the Union of Myanmar and it plays a vital role in the implementation of the economic reforms towards the market-oriented economy especially in the trade sector. The Ministry of Commerce sets out four main objectives and three basic principles as policy guidelines in carrying out the trade operations.

Main objectives:

1. To support internal and external trade activities for the economic development of the country.
2. To upgrade the commercial efficiency of public and private trading houses.
3. To increase the foreign exchange earnings of country by export promotion.
4. To encourage the trading activities of co-operatives and private entrepreneurs.

Organizations:

The Ministry of Commerce is formed by the following departments and trading organizations:-

1. Office of the Minister.
2. Directorate of Trade.
3. Department of Border Trade.
4. Myanmar Agricultural Produce Trading (MAPT).

Competitiveness issue is one of the challenges faced by our exporters in order to facilitate trade. The critical one that we are facing is supply side constraints problem. Most of the exporters are entirely depend only upon a few exportable products. Although efforts are being made to identify new products and trying to get market access, it could not be materialized due to the following weaknesses:-

- Limited capacity to produce for export
- Inadequate foreign market information- Lack of exports diversification into high value-added, processed and manufactured products
- Stringent quality and standard requirements
- Production of export products not matched by market demand
- Lack of skilled manpower and institutional capacities
- Lack of technological capacity and technical know-how
- Lack of financial and marketing capability

Directorate of Trade under Ministry of Commerce sees trade facilitation as a way to lower costs, speed up the movement of goods, and increase the reliability of trade and transport statistics. Since the initial reforms measures were undertaken, the necessary Orders, Rules and Regulations and Procedures regarding with the Investment, Export, Import, customs regulations and Taxation were enacted and published. In this context, a series of legislation were regulated, new laws being promulgated, and moreover, existing laws that are no more appropriate for the new system were amended to be compatible with the changing economic environment.

MAPT assists the following steps relating to export business that is allowed by the State to private sector especially grains exports, export of new commodities and import business as well:-

- Undertakes various steps of exporting business commencing from identifying the markets for export commodities to final negotiation stage of the shipping documents. Renders its services to be smooth flow of the every processing step relating to import business.
- Undertakes all necessary steps relating to shipment of export commodities. Carrying out the rental services for warehousing if it is necessary.
- Undertakes pest control services for storage of grains. Assists necessary work operations to producers to be able to become successful exporters.

Post Harvest Technology Application Center-PTAC, under the MAPT, has been engaged in providing quality assurance services to exported food grains. Analysis and testing of qualities of food grains such as chemical compositions, pesticides residues, aflatoxins have been undertaking in PTAC since 1990. PTAC assists food grain exporter in product certification and testing to ensure quality and safety of the products for the exporters to

overcome trade requirements. PTAC has been carrying out training activities in liaison with other concerned government departments and local trade associations for those who are taking part in export for efficient application of improved post-harvest practices in various fields.

Myanmar's export policy is to export all exportable surpluses and diversify foreign markets by using of natural and human resources. Increasing and diversifying exports and improving the quality of products are among the main objectives of the export promotion policy. Moreover, Myanmar is implementing, the common projects under the ACMECS with the view to reduce trade barriers, improve transport linkages, upgrade major border checkpoints and promote cooperation in five strategic areas such as, Trade and Investment Facilitation, Agricultural and Industrial Cooperation, Transport Linkages, Tourism Cooperation and Human Resource Development.

Hence, Human Resource Development and Capacity Building are core elements of the country's economic development; the Ministry of Commerce has held the various training programs within the organization and also encouraging to send the trances provided by the regional and international organizations. It has been participated regularly in the Trade Policy Courses. Regional Seminars, Workshops and National Seminars conducted by the World Trade Organization-WTO. Besides, the Minister of Commerce is co-organizing the trade related trainings, seminars and workshops provided by the Singapore Government and Thai Government under the Programmed of Initiative for ASEAN Integration – IAI.

In accordance with the guidebook of UN-ESCAP, Ministry of Commerce of the Union of Myanmar has relayed trade documents to departments concerned that would serve as a useful guide for adopting aligned and simplified trade documents that further rationalizing trade procedures. Therefore, Myanmar has already aligned trade documentation forms according to United National Layout Key. The periodical notifications, orders, trade information such as market and prices of commodities, are publicized through the *Trade News bulletin* and *Commerce Journal*, which are published bi-monthly by the Ministry of commerce. These issues are also available on line at website of Ministry of Commerce.

#### Trade Promotion Organizations

There are two trade promotion organizations in Myanmar, namely, Directorate of Trade (Ministry of Commerce) and the Union of Myanmar Federation of Chambers of Commerce and Industry – UMFCCI. The Union of Myanmar Federation of Chambers of Commerce & Industry (UMFCCI) is a newly acquired name of a body of traders originated in 1919 when a group of Myanmar traders and businessmen formed the Burmese Chamber of Commerce in Yangon. It was developed to become the Union of Myanmar Chamber of Commerce and Industry (UMCCI) when Myanmar gained independence in 1948. The Chamber tried to play a leading role in trade, industry and banking sectors among others. However the activities of UMCCI were ceased due to various reasons. In 1988, the Government adopted the market-oriented economic system. Consequently the UMCCI was revived on 6 January 1989 under Section 26 of the Myanmar Companies Act and officially recognized as a non-Governmental organization. Its main activity

was to promote the overall improvement of commerce and industry within the country.

A new milestone for UMCCI took place on 1 April 1999 when the Ministry of Commerce restructured and upgraded it to become the Union of Myanmar Federation of Chambers of Commerce & Industry (UMFCCI) with 20-member Central Executive Committee for a term of two years. Since the Federation of Chambers of Commerce and Industry has a large network of chambers among the private sector, it is a forum for dialogue and discussion between the private sector and Government Agencies on matters involving International Trade. It is also a bridge between the Government and the Private Sector.

### National Standardization bodies

A standardization division was established in Myanmar on 11 July 1956 under the resolution of the meeting on implementation of research works of the Union of Myanmar Applied Research Institute (UMARI). In 1957 after one year of the forming of UMARI, Myanmar became a member body of ISO. Since 1957, the library of the standardization division obtained about 50,000 standardization copies from India, Japan, France, Australia, Germany, Malaysia, Britain and USA under the agreement on free exchange of standards among the ISO member nations. At that time, Myanmar formed the standardization committees on respective engineering subjects and drew standards, quoting those standards and it had been able to complete 65 standardization books. However, it resigned from the membership of the ISO in 1965 for various reasons. With a view to ensuring development of the standardization in the country, Myanmar rejoined the ISO as a corresponding member on 1 July 2005.

Myanmar, which is practicing the market-oriented system, will be able to learn and adopt the standardization used among the countries and after five years, it will become a member body. Being a corresponding member, Myanmar will be able to issue certificates to laboratories of respective departments after forming the national standardization committees for development of small and medium-scale industries of private sector at the industrial zones. At a time when efforts are being made for development of the industrial sector of the State through uplift of private industries so that the nation can stand tall among the global nations, Myanmar will have to carry out tasks for standardization and quality control in the industrial zones through cooperation with the ISO.

The standard department is one of the technical services departments of the Ministry of Science and Technology. The standards library of this department is the centre for providing information regarding standards and specifications and maintains a large collection of large international and national standards and related publications. Attached to the standard library is a metrology laboratory where standards of national physical units as international units are maintained, providing references for calibration and testing purposes of various weights and measuring instruments and equipment.

The government had formed the Myanmar Industrial Development Committee (MIDC) in 1995 with 15 Ministers as members and 2 Deputy Ministers as Secretary and Joint Secretary. The Working Committee implements all the tasks laid down by the MIDC with the assistance 9 Sub-

Committees. One of them is Standardization & Quality Improvement sub-committee. The Myanmar Engineering Society has also proposed that the government forms a special body to monitor standards in the profession.

#### The Potential Future Relationship between NSBs AND TPOs

With the adoption of the market-oriented economy in September 1988, the Government has encouraged private sector participation in the business community. The Ministry of Commerce plays an active role in the transformation process from the centrally-planned to the market-oriented economy. New departments were opened for registration of private companies and monitoring for smooth flow of external trade was exercised actively. The Ministry has lowered the technical barriers to trade and simplified export-import procedures geared towards trade facilitation. Ministry of Commerce has been striving for national economic development through the co-operation with local counterpart trade promotion organization such as the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and its trading associations and foreign counterpart trading promotion organizations from China, Japan, India and neighboring Asian member countries.

In Myanmar, quality standard of the export manufacturing products is confirmed with international standard such as ISO9000 series in order to overcome the non-tariff Barriers/Technical Barriers for trade of respective target markets. Myanmar food manufacturers that export to foreign markets are increasingly adapting the Hazard Analysis and Critical Control Point (HACCP) certificate which conform to global requirements in food security. Quality standard of the other products for domestic market is mainly set up as per industrial factory standard. However, most of the quality standard the Myanmar exportable primary products are based upon the individual organization's standard which are not contrary to the Codex Alimentarius Standard and Codex of Hygienic /or technological practice recommended by FAO/UN.

Especially for those who are engaged in exporting of agricultural products such as rice, pulses and beans, oil-bearing seeds and others are needing help from Ministry of Commerce, UMFCCI and other local TPOs and NSBs because they are experiencing increasing global and regional competition, emergence of new technology and its impact and increasing costs which impact on export competitiveness and so on. More co-ordination and collaboration are required between Ministry of Commerce and local TPOs / NSBs and foreign ones as well. The on-going financial sector reform, allowing operations of privately owned banks in major cities, as well as the on-going state-owned economic enterprises (SEEs) reform, giving SEEs greater autonomy in procurement, production and pricing, can both be expected to facilitate trade.

Myanmar is aware of the importance of IT for trade facilitation. For example, the Customs Department is working on connecting its headquarters with the airport wharfs. Technical assistance and capacity building in this area is imperative, especially in terms of basic hardware and software infrastructure. Myanmar is cooperating on the ADB funded pilot testing of single-window inspection arrangements at border crossings along the East west corridor. The Directorate of Trade under the Ministry of Commerce is the TFWG GMS

focal point for trade facilitation activities, but the Customs Department also appears to play an important role. The Department of Border Trade under the Ministry of Commerce plays an important role in cross-border trade facilitation. The Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) is the bridge between the government and the private sector for trade facilitation and other matters.

## CONCLUSION

In this ever changing and sophisticated world, quality is the most important of all for success in every respective field. In developing countries like Myanmar, economic development entirely depends on export commodities of agriculture, forest products, aquaculture, fresh produces and other semi-finished products. In this context, our export items are food related items and required formalities are done according to request of importing countries. A key challenge facing developing countries is a lack of national capacity to overcome technical barriers to trade and to comply with the requirements of agreements on sanitary and phytosanitary conditions, which are now basic prerequisites for market access embedded in the global trading system. The World Trade Organization has adopted two important agreements in these areas: the Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phytosanitary Measures. With a view to meeting this challenge, developing countries need significant technical assistance to develop institutional infrastructure related to standards, metrology, testing and quality in order to be an able partner in the global trade regime.

In order to improve the standards and quality, Myanmar is taking appropriate steps under the guidelines of ASEAN. Myanmar is following the Road Map for 11 Priority Sectors Integration Standards and Information which was drawn by the ASEAN Consultation Committee on Standard and Quality. Though Myanmar has formed standardization committee it will take time to be fully operational. Nonetheless, it is believed that on-going combined and coordinating efforts of Ministry of Commerce, local trade promotion organizations and standardization bodies, with the help of standardization committee, will surely bring about bright future for Myanmar exporters.