

EXPORT-IMPORT BANK OF INDIA

WORKING PAPER NO. 17

POTENTIAL FOR ENHANCING INDIA'S TRADE WITH MYANMAR: A BRIEF ANALYSIS

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April 2012



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EXECUTIVE SUMMARY

ECONOMIC OVERVIEW OF MYANMAR

Reflecting primarily the pick-up in performance of the agriculture, mining and manufacturing sectors, real GDP growth of Myanmar firmed up to 5.1 percent in 2009, after witnessing a slowdown during the previous year due to the impact of Cyclone Nargis combined with weakness in demand from neighbouring economies. With improvements in the industrial and construction sectors during 2010, combined with continued growth in the agriculture and services sectors, real GDP growth posted an estimated higher growth of 5.3 percent. Economic recovery in neighbouring countries that import goods, including food and natural gas from Myanmar, also supported economic activity during 2010. Nominal GDP has risen from US\$ 16.7 billion in 2007 to an estimated US\$ 35.2 billion in 2010.

Economic growth in the near term is expected to be supported by large projects from foreign investors in a number of sectors including power, petroleum and infrastructure. Current high levels of global commodity prices

would continue to support the agriculture sector, although the sector's further growth could be constrained by lack of investment and lack of access to key inputs and equipments.

External Sector

On the external front, the current account deficit is forecast to widen. While export revenue would be underpinned by relatively strong regional demand for natural gas, growth in import bill is expected to outpace the rise in exports, owing to rapid growth in major foreign-invested projects in the oil and gas, mining and infrastructure sectors. Gas has emerged as the single largest export earner since 1991, with the agriculture sector also contributing significantly to the country's export earnings.

Mining and Agriculture Sector

Myanmar has emerged as a major supplier of gas to its neighbours. With natural gas reserves estimated at 2.54 trillion cubic metres, Myanmar also has large deposits of metals, minerals and gems, and accounts for 90 percent of the production of world's rubies. Further, the country has rich potential for agricultural sector. The Myanmar Rice Industry Association (MRIA) estimates that rice could eventually be grown on upto 20 mn hectares, and its long-term aim is to return Myanmar to its former status as 'the Rice Bowl of Asia'.

Myanmar has substantial forest resources, including most of the world's remaining teak. Exports of teak and other hardwoods are Myanmar's third largest export revenue earner.

Output and exports of both freshwater and marine fish, an important sector of the economy, have risen in recent years, due to increased private investment in freezing and processing facilities. This has been boosted by strong regional demand, particularly for fish and prawns in China and Thailand. In value terms, fish and prawn exports are among the leading export sectors of Myanmar.

Infrastructure Sector

Myanmar's infrastructure, although poor by regional standards, is set to improve with large investments in the sector, especially by China. China's endeavours in this area would include: railway project linking Yunnan province and Myanmar's northern region; four hydro-electric dams on the Salween river; a gas pipeline from the port of Sittwe to Kunming (the capital of China's Yunnan province); a highway to Yunnan; a port to service Chinese shipping on the island of Ramree and the renovation of Sittwe port; cross-country natural gas pipeline. Further, in late 2010, Thailand announced its plans to develop a deep sea-port in the coastal city of Dawei.

Development Challenges

According to the Asian Development Bank¹, Myanmar faces an extensive agenda of reforms to realize its potential. A comprehensive process of reforms would include improving the climate for investment, generating fiscal resources to expand social and infrastructure spending, developing the finance sector, strengthening macroeconomic management, and liberalizing agriculture and trade.

FOREIGN TRADE OF MYANMAR

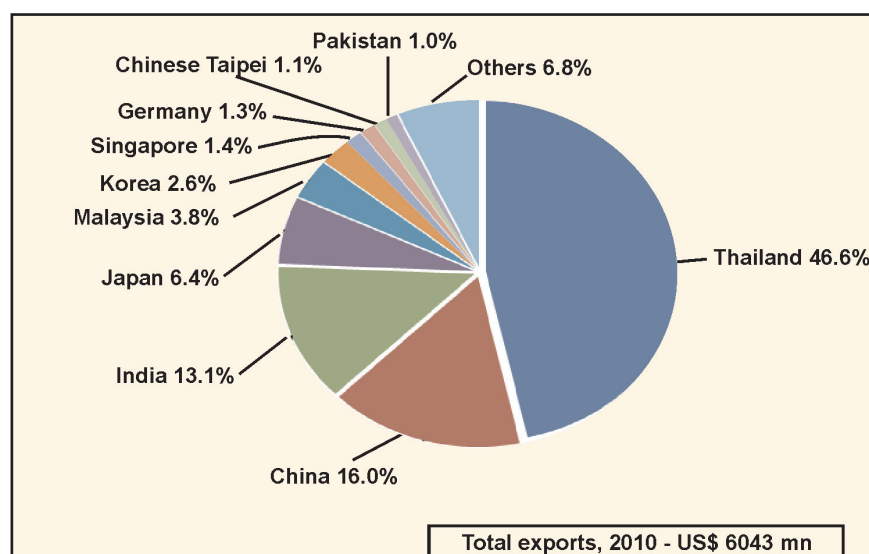
Boosted by rising gas exports to Thailand, large exports of vegetables to India, and rising exports of wood products to China, India and Thailand, Myanmar's total exports have witnessed a rising trend in recent years; from US\$ 2.8 billion in 2001 to US\$ 6.04 billion in 2010 (**Table 1**). As regards imports, total imports of Myanmar rose almost

four-fold from US\$ 2.4 billion in 2001 to US\$ 8.98 billion in 2010, primarily due to increased imports of machinery, mineral fuels and oils, vehicles, and electrical and electronic equipment. Reflecting this trend, Myanmar's trade balance, which was in surplus at US\$ 125 mn in 2008, turned into a deficit of US\$ 397 mn in 2009, which increased further to US\$ 2.94 billion in 2010.

Major Export Items

Minerals fuels and oils are the largest items of exports, followed by edible vegetables, wood and articles of wood, articles of apparel and accessories, fish and crustaceans, ores and slag, rubber and articles, and pearls and precious stones.

Chart 1: Myanmar's Major Export Markets, 2010 (% share in total)



Source: Trade Map, ITC Geneva

Table 1: Myanmar's Foreign Trade, 2001-10 (US\$ mn)

	2001	2001	2003	2004	2005	2006	2007	2008	2009	2010
Exports	2779.7	2794.7	2761.4	3200.4	3771.3	4620.8	4938.4	6418.4	5957.8	6042.7
Imports	2437.4	2647.6	2900.4	3094.7	3215.0	3497.7	5028.1	6293.0	6355.2	8982.3
Trade Balance	342.3	147.1	-139.0	105.7	556.3	1123.1	-89.7	125.4	-397.4	-2939.6

Source: Trade Map, ITC Geneva

¹Asian Development Outlook 2011

Major Export Markets

Reflecting the dominance of petroleum gases in Myanmar's exports basket, Thailand is Myanmar's leading export market, with a significant share of 47 percent of the country's total exports in 2010. China and India are the other two major export markets, accounting for 16 percent and 13 percent, respectively, of Myanmar's total exports in 2010 (**Chart 1**).

Major Import Items

Machinery and related products are the largest items in Myanmar's import basket, followed by mineral fuels and oils, vehicles, electrical and electronic equipment, iron and steel, and articles of iron and steel.

Major Import Partners

The dominance of machinery, mineral fuels, vehicles and electrical & electronic equipment in Myanmar's import basket has its reflecting in the direction of Myanmar's imports. China, Thailand and Singapore are the three largest import partners, together accounting for as much as 75 percent of Myanmar's total imports in 2010 (**Chart 2**).

INDIA'S TRADE AND ECONOMIC RELATIONS WITH MYANMAR

Trends in Indo-Myanmar Trade

Trade relations between India and Myanmar have witnessed a robust trend in recent years, with India's total trade (exports plus imports) with Myanmar having risen from US\$ 408 mn in 2001 to

US\$ 1.06 billion in 2010. This buoyant trend has been underlined by both rise in India's export to and imports from Myanmar (**Chart 3**). India generally maintains a trade deficit with Myanmar, which has increased from US\$ 293 mn in 2001 to US\$ 974 mn in 2009, and stood at US\$ 520 mn in 2010.

India's Major Exports to Myanmar

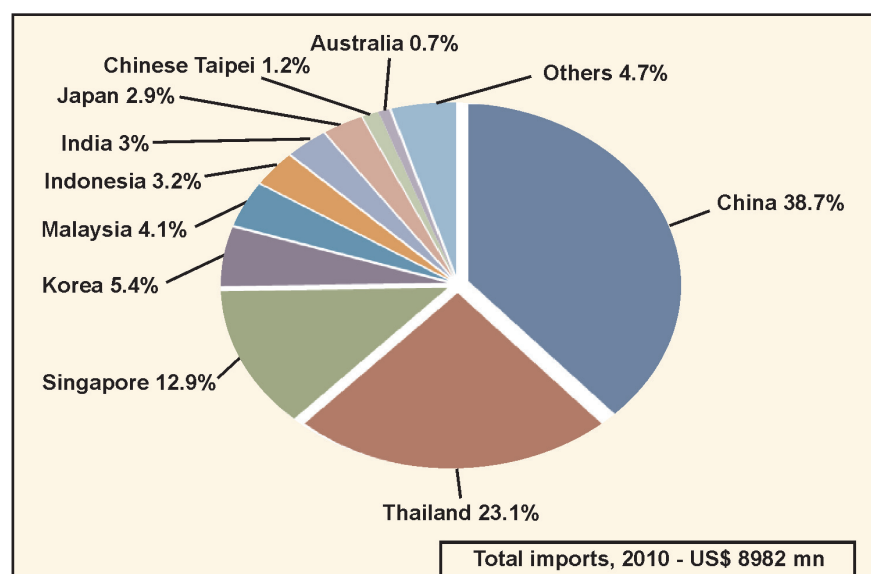
During the period 2001-10, India's exports to Myanmar have risen 5-fold, from US\$ 58 mn in 2001 to US\$ 273 mn in 2010, due to rise in exports of meat & preparations, pharmaceuticals, electrical & electronic equipment, and machinery to Myanmar (**Table 2**). India's exports basket to Myanmar is dominated by meat & preparations and pharmaceuticals, with these two items accounting for a significant 45 percent share of India's total exports to Myanmar in 2010.

India's Major Exports to Myanmar and Share in Myanmar's Global Imports

While India's overall exports to Myanmar have depicted a robust trend in recent years, an analysis of the share of India's major exports to Myanmar vis-a-vis Myanmar's global imports of these items would reveal the tremendous scope to further enhance India's exports to Myanmar.

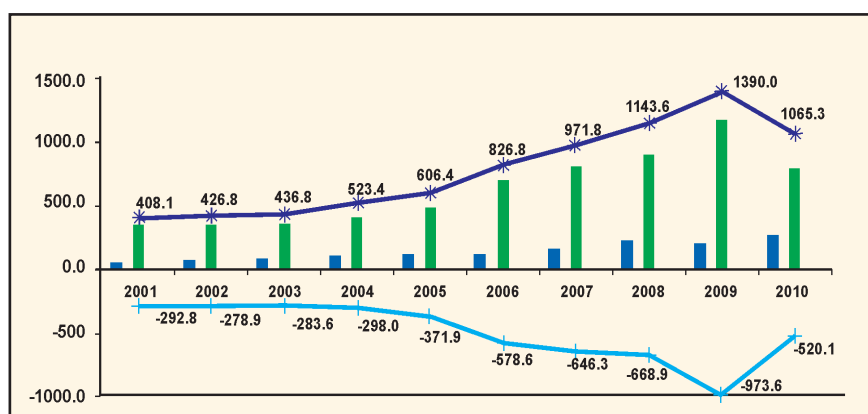
This analysis has been presented in **Table 3** below. The following

Chart 2: Myanmar's Major Import Sources, 2010 (% share in total)



Source: Trade Map, ITC Geneva

Chart 3: India's Trade with Myanmar, 2001-10 (US\$ mn)



Source: Trade Map, ITC Geneva

points can be discerned from the table:

- In the case of pharmaceuticals, meat and meat preparations, sugar and sugar confectionery, articles of base metals, animal fodder, and tools and implements, India is a major source for Myanmar's imports, accounting for a significant share in Myanmar's global imports;

Table 2: India's Exports of Major Commodities to Myanmar (US\$ mn)

Product code (HS)		2001	2005	2006	2007	2008	2009	2010
	All products	57.7	117.2	124.1	162.8	237.3	208.2	272.6
02	Meat and edible meat offal	-	0.1	-	0.1	-	1.5	65.6
30	Pharmaceutical products	10.5	23.3	33.9	40.9	50.4	54.3	56.9
72	Iron and steel	16.4	37.7	36.4	38.4	43.4	51.2	18.6
85	Electrical, electronic equipment	2.6	6.1	5.3	10.1	14.6	14.7	16.6
84	Machinery, boilers, etc	2.0	9.1	6.5	10.3	23.6	9.7	13.8
23	Residues, animal fodder	0.1	0.5	0.8	1.6	3.7	3.7	10.3
52	Cotton	0.4	0.6	0.7	2.9	4.1	4.2	9.9
17	Sugars and sugar confectionery	0.1	-	-	0.1	0.3	0.1	8.7
39	Plastics and articles thereof	2.7	2.1	3.4	3.3	2.7	4.7	8.2
40	Rubber and articles thereof	2.3	3.8	6.1	8.6	7.1	7.8	7.8
73	Articles of iron or steel	1.8	6.0	5.7	9.0	13.4	5.6	5.8
87	Vehicles other than railway, tramway	3.1	6.0	4.1	10.3	5.0	3.8	5.4
96	Misc. manufactured articles	0.3	0.9	1.3	1.6	3.0	3.2	4.3
38	Misc. chemical products	0.2	1.8	1.3	1.8	2.1	1.9	3.8
83	Miscellaneous articles of base metal	0.3	0.5	0.9	0.7	1.6	3.0	3.2
33	Essential oils, perfumes, cosmetics, toiletries	0.3	0.9	1.2	1.1	1.9	2.0	3.0
82	Tools, implements, cutlery, etc of base metal	1.2	1.7	2.2	3.1	2.9	2.5	2.8
27	Mineral fuels, oils, distillation products, etc	-	1.9	0.2	0.4	2.0	12.7	2.8
21	Misc. edible preparations	0.1	-	-	0.6	1.6	0.9	2.4
48	Paper & paperboard, articles of pulp	1.1	0.4	0.8	0.4	2.0	0.9	2.4

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 3: India's Major Exports to Myanmar & Share in Myanmar's Global Imports, 2010

Product code (HS)	Myanmar's Imports from the World, 2010 (US\$ mn)	India's Exports to Myanmar, 2010 (US\$ mn)	India's exports to Myanmar as % of Myanmar's imports, 2010
ALL PRODUCTS	8,982.3	272.6	3.0
84 Machinery, boilers, etc	1,313.7	13.8	1.0
27 Mineral fuels, oils, distillation products, etc	1,083.9	2.8	0.3
87 Vehicles other than railway, tramway	720.8	5.4	0.8
85 Electrical, electronic equipment	701.8	16.6	2.4
72 Iron and steel	509.9	18.6	3.7
73 Articles of iron or steel	407.0	5.8	1.4
39 Plastics and articles thereof	308.5	8.2	2.7
21 Misc. edible preparations	211.2	2.4	1.1
30 Pharmaceutical products	179.2	56.9	31.7
52 Cotton	159.3	9.9	6.2
40 Rubber and articles thereof	149.9	7.8	5.2
48 Paper & paperboard, articles of pulp	100.8	2.4	2.3
02 Meat and edible meat offal	75.9	65.6	86.4
38 Miscellaneous chemical products	75.3	3.8	5.1
33 Essential oils, perfumes, cosmetics, toiletries	72.0	3.0	4.2
96 Misc. manufactured articles	50.9	4.3	8.4
17 Sugars and sugar confectionery	42.8	8.7	20.4
83 Misc. articles of base metal	26.9	3.2	11.7
23 Residues, animal fodder	19.7	10.3	52.1
82 Tools, implements, cutlery, etc of base metal	18.2	2.8	15.7

Source: Trade Map, ITC Geneva,

Note: Ranking of Products is based on Myanmar's imports

- However, in the case of other major exports to Myanmar, the share of India in Myanmar's import basket is low. In particular, India's share in Myanmar's top import items is still marginal, which would serve to highlight the tremendous scope to enhance such exports to Myanmar.

India's Imports from Myanmar

As regards India's imports from Myanmar, two items, viz., edible vegetables and wood & wood articles, dominate the import basket, accounting for as much as 97percent of India's total imports from Myanmar (**Table 4**). For these two items, Myanmar is a

major import source for India; Myanmar is India's largest import source for edible vegetables, accounting for as much as 33 percent of India's global imports. In the case of wood and wood products, Myanmar is the second largest import source, after Malaysia, with a share of 26 percent of India's global imports in 2010.

Table 4: India's Imports of Major Commodities from Myanmar (US\$ mn)

Product code (HS)	2001	2005	2006	2007	2008	2009	2010	Share of Myanmar in India's imports, 2010 (%)
All products	350.4	489.2	702.7	809.1	906.3	1181.8	792.7	0.3
07 Edible vegetables, roots and tubers	221.8	206.8	454.0	475.8	506.5	829.8	445.2	32.8
44 Wood and articles of wood	121.8	274.3	242.1	324.7	392.7	323.6	325.6	25.7
05 Products of animal origin	-	-	-	-	2.1	5.3	10.3	42.4
41 Raw hides and skins, and leather	0.1	0.8	1.2	1.5	1.4	1.5	3.6	0.9
09 Coffee, tea, mate and spices	0.4	0.4	0.6	0.5	0.8	2.8	2.7	1.2
40 Rubber and articles thereof	0.6	3.5	2.2	1.5	0.3	0.5	1.8	0.1
12 Oilseeds, grain, seed	0.3	0.1	0.1	0.01	0.03	0.5	0.5	0.4
08 Edible fruits, nuts	1.4	0.9	0.4	2.7	0.7	1.4	0.4	0.04

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

INDIA'S ECONOMIC RELATIONS WITH MYANMAR²

Border trade

India and Myanmar signed a border trade agreement in 1994 and have two operational border trade points (Moreh-Tamu and Zowkhatar-Rhi) on the 1664 km long border. Agreement has also been reached on setting up a third border trade point at Avakhung-Pansat/Somra. During the 3rd India-Myanmar Joint Trade Committee in October 2008, it was agreed that Border Trade at the existing points would be

upgraded to Normal Trade so as to promote bilateral trade between the two countries.

During the third Joint Trade Committee Meeting, United Bank of India signed an MoU with three Myanmar national banks (Myanma Foreign Trade Bank {MFTB}, Myanma Economic Bank and Myanma Investment and Commercial Bank) to facilitate trade, which is being mostly utilized for border trade.

Major Indian Projects in Myanmar India is actively involved in a number of projects in Myanmar,

both in infrastructural and non-infrastructural areas, which include besides other: upgradation and resurfacing of the 160 km. long Tamu-Kalewa-Kalemyo road; construction and upgradation of the Rhi-Tiddim Road in Myanmar; the Kaladan Multimodal Transport Project; high speed data link project in 32 Myanmar cities by TCIL; development of rail transportation system and supply of railway coaches, locomotives and parts by RITES; development of the Tamanthi and Shwezaye hydro-electric power project in Chindwin River valley by NHPC; setting up of a heavy turbo-truck assembly

²Ministry of External Affairs, Govt. of India

plant by TATA Motors; setting up of India-Myanmar Industrial Training Centre, and Myanmar-India Entrepreneurship Development Centre, India-Myanmar Centre for Enhancement of IT Skills; revamping of the Ananda Temple in Bagan; and upgradation of the Yangon Children's Hospital and Sittwe General Hospital.

Activities of Export-Import Bank of India (Exim India) in Myanmar

In Myanmar, Exim India has extended GOI supported 7 LOCs valued at US\$ 247.4 mn, to the State-owned Myanma Foreign Trade Bank (MFTB) for various purposes including: upgradation of the Yangon – Mandalay railway system; upgradation and maintenance of workshops and railway tracks in Myanmar; setting up Moreh-Tamu OFC link with Cor-DECT system at Yangon and Mandalay urban centers; Thanlyin refinery projects; railway projects; setting up an assembly/manufacturing plant for assembly and manufacturing of Tata vehicles in Myanmar; setting up of three transmission lines in Myanmar; and upgradation of Thanbarykan Petrochemical Complex.

POTENTIAL AREAS FOR ENHANCING BILATERAL TRADE RELATIONS

As highlighted in the previous chapter, bilateral trade relations

between India and Myanmar has witnessed a robust rising trend in recent years, with total trade between the two having risen to US\$ 1.06 billion in 2010. At the same time, bilateral trade balance has been in Myanmar's favour, with India's trade deficit with Myanmar increasing from US\$ 293 mn in 2001 to US\$ 520 mn in 2010.

To enhance bilateral trade relations, as also to address the rising trade deficit, strategy to boost trade relations with Myanmar would entail identification of potential items of India's exports, which would be based on the following analysis:

- Identification of major items in Myanmar's import basket, and share of India in each product line (based on HS-code); and
- Selection of potential items, based on low share of India in Myanmar's import basket of major commodities. This would entail identification of potential export items under each product category, upto 6-digit HS Commodity code.

Table 5 presents Myanmar's major import items, in terms of 2-digit HS code, and India's share in Myanmar's global imports of these items. As can be seen from the table, apart from pharmaceuticals (HS-30), India's share in Myanmar's major imports

is still low, which highlights the potential for enhancing these exports to Myanmar.

Based on the above criteria, potential items of export to Myanmar would broadly include the following categories of exports:

- Machinery & boilers, etc (HS-84)
- Mineral fuels and oils (HS-27)
- Vehicles other than railway (HS-87)
- Electrical and electronic equipment (HS-85)
- Iron and steel (HS-72)
- Articles of iron and steel (HS-73)
- Plastics and articles (HS-39)
- Miscellaneous edible preparations (HS-21)
- Salt, sulphur, lime and cement (25)
- Cotton (HS-52)
- Rubber and articles (40)
- Organic chemicals (HS-29)
- Cereal, flour, starch and milk preparations & products (HS-19)
- Optical and medical apparatus (HS-90)
- Manmade filaments (HS-54)
- Paper and paperboard (HS-48)

A detailed analysis of potential items under each identified export category, upto the 6-digit HS commodity classification, has been presented in **Annexure 1**.

Table 5: Myanmar's Major Imports & India's Share (%)

Product code (HS Code)		Myanmar's Imports from World (US\$ mn)		Myanmar's imports from India (US\$ mn)		India's share in Myanmar's Imports (%)	
		2009	2010	2009	2010	2009	2010
TOTAL	All products	6355.2	8982.3	208.2	272.6	3.3	3.0
84	Machinery, boilers, etc	927.9	1313.7	9.7	13.8	1.0	1.0
27	Mineral fuels, oils, distillation products, etc	721.4	1083.9	12.7	2.8	1.8	0.3
87	Vehicles other than railway, tramway	485.9	720.8	3.8	5.4	0.8	0.8
85	Electrical, electronic equipment	493.3	701.8	14.7	16.6	3.0	2.4
72	Iron and steel	414.4	509.9	51.2	18.6	12.4	3.7
73	Articles of iron or steel	321.3	407.0	5.6	5.8	1.7	1.4
39	Plastics and articles	225.1	308.5	4.7	8.2	2.1	2.7
21	Miscellaneous edible preparations	154.7	211.2	0.9	2.4	0.5	1.1
25	Salt, sulphur, earth, stone, plaster, lime and cement	113.5	188.8	1.8	1.1	1.6	0.6
30	Pharmaceutical products	171.7	179.2	54.3	56.9	31.6	31.7
52	Cotton	123.6	159.3	4.2	9.9	3.4	6.2
40	Rubber and articles	123.8	149.9	7.8	7.8	6.3	5.2
29	Organic chemicals	102.9	122.3	1.6	1.3	1.5	1.1
19	Cereal, flour, starch, milk preparations and products	106.7	119.9	0.7	0.5	0.7	0.4
90	Optical, photo, technical, medical, etc apparatus	69.2	106.4	1.4	1.6	2.1	1.5
54	Manmade filaments	70.9	103.1	0.1	0.1	0.1	0.1
48	Paper & paperboard, articles of pulp, paper and board	85.5	100.8	0.9	2.4	1.1	2.3

Source: Trade Map, ITC Geneva

Note: - Ranking of products is based on Myanmar's imports

OBSERVATIONS AND RECOMMENDATIONS

As observed in the preceding paragraphs, India's trade relations with Myanmar has witnessed a robust trend in recent years, with India's total trade with Myanmar having risen from US\$ 408 mn in 2001 to US\$ 1.06 billion in 2010, underlined by both rise in India's exports to and India's Imports from Myanmar. India generally maintains a trade deficit with Myanmar, which has increased from US\$ 293 mn in 2001 to US\$ 974 mn in 2009, and stood at US\$ 520 mn in 2010.

In the case of pharmaceuticals, meat and preparations, sugar and confectionery, articles of base metals, animal fodder, and tools and implements, India is a major source for Myanmar's imports, accounting for a significant share in Myanmar's global imports. However, in the case of other major exports to Myanmar, India's share in Myanmar's global imports is still marginal, which would serve to highlight the tremendous scope to enhance such exports from India.

To enhance bilateral trade relations with Myanmar, and at the same time to address the rising trade deficit with Myanmar, strategy to boost trade relations with Myanmar would entail identification of potential items of India's exports (upto 6-digit

commodity classification), which would be in line with Myanmar's imports demand and India's export capabilities, as has been undertaken in this study, as also identification of potential Indian exporters who could benefit from prevailing and future market opportunities in Myanmar.

Other measures to enhance bilateral trade relations with Myanmar could include:

- A national / state level industry association/ trade chamber could be identified which could undertake various trade promoting activities such as organising Business to Government (B2G) and Business-to-Business (B2B) delegation visits; organising fairs in Myanmar to showcase the competencies of Indian MSMEs and to capture market opportunities; and tie-ups with select industry associations/ chambers in Myanmar so as to understand the requirements of their members.
- A bank(s) could be identified to take the lead role in promoting and creating a trade enabling environment. As major import items of Myanmar and also India's major potential export items are manufactured and related products, which would call for LCs/guarantees and related facilities, such a bank could undertake a detailed

study about the ways and means adopted by other major trading partners of Myanmar, in the light of the US OFAC sanctions on Myanmar.

- Indian banks could consider opening of representative offices (ROs)/JVs/ branches in Myanmar. Currently, Myanmar allows only ROs to be set up in the country. Towards this end, United Bank of India (UBI) has received RBI's permission to open a representative office in Myanmar. Other Indian banks could also endeavour to follow UBI's footprints.
- Opening of direct road-rail-sea routes to Myanmar. As the infrastructure for border trade is yet to be developed, detailed feasibility studies on potential direct rail-road-sea-air linkages between India and Myanmar could be undertaken by relevant Ministries, while specific ports/airports could be earmarked to handle and facilitate Indo-Myanmar trade.
- Indian companies could also consider establishing JVs/ WOSs in Myanmar.
- Government of India is considering a US\$ 500 mn LOC to Myanmar, implementation of which would serve to increase exports from India and enhance economic cooperation between the two countries.

1. ECONOMIC OVERVIEW OF MYANMAR

Reflecting primarily the pick-up in performance of the agriculture, mining and manufacturing sectors, real GDP growth of Myanmar firmed up to 5.1 percent in 2009, after witnessing a slowdown during the previous year due to the impact of Cyclone Nargis combined with weakness in demand from neighbouring economies. With improvements in the industrial and

construction sectors during 2010, combined with continued growth in the agriculture and services sectors, real GDP growth posted an estimated higher growth of 5.3 percent. Economic recovery in neighbouring countries that import goods, including food and natural gas from Myanmar, also supported economic activity during 2010. Nominal GDP has risen from US\$ 16.7 billion in 2007 to an estimated US\$ 35.2 billion in 2010 (Table 1.1).

Economic growth in the near term would be supported by large projects from foreign

investors in a number of sectors including power, petroleum and infrastructure. Current high levels of global commodity prices would continue to support the agriculture sector, although the sector's further growth could be constrained by lack of investment and lack of access to key inputs and equipments.

External Sector

On the external front, the current account deficit is forecast to widen. While export revenue would be underpinned by relatively strong regional demand for natural gas, growth in import bill is expected to

Table 1.1: Myanmar - Macro Economic Indicators

	2007*	2008*	2009*	2010*	2011*	2012#	2013#
Nominal GDP (US\$ mn)	16,736	23,962	28,640	35,165	46,252	43,707	47,830
Nominal GDP (Kt bn)	21,589	28,395	30,215	34,110	37,695	41,521	45,917
Real GDP Growth (%)	5.5	4.9	5.1	5.3	4.8	4.7	5.0
Population (mn)@	49.1	49.6	50	50.5	50.9	51.4	51.9
Central Govt. Budget balance (% of GDP)	-2.9	-3.4	-4.4	-4.6	-4.9	-4.6	-4.2
Consumer Prices (end-period, %)@	28.6	16.0	2.2	9.4	2.7	8.4	5.8
Lending Interest Rates (avg., %)@	17.0	17.0	17.0	17.0	16.3	13.0	13.0
Exchange Rate Kt:US\$ (Avg., official rate)@	5.56	5.39	5.52	5.58	5.35	5.49	5.56
Exchange Rate Kt:US\$ (Avg., free-market rate)	1,290	1,185	1,055	970	815	950	960
Trade Balance (US\$ mn)@	3,265	3,312	2,741	3,456	2,259	1,671	1,940
Current Account Balance (US\$ mn)@	1,851	1,548	1,086	1,527	-2	-783	-809
Debt Stock (US\$ mn)@	8,237	8,002	8,186	7,970	8,318	8,319	8,337
International Reserves (US\$ mn)	2,312	3,412	3,561	3,763	3,931	4,106	4,280

Source: IMF, Economic Intelligence Unit (EIU)

Notes: * - estimates; # - forecasts; @ - actuals

outpace the rise in exports, owing to rapid growth in major foreign-invested projects in the oil and gas, mining and infrastructure sectors.

Gas has emerged as the single largest export earner since 1991, when two large offshore gasfield projects, Yadana and Yetagun, came on stream. Bulk of the natural gas exports is directed to Thailand. The agriculture sector also contributes significantly to the country's export earnings. In recent years, pulses of various kinds have emerged as key export items, as compared to traditionally exported items such as rice and rubber, due to strong regional demand, particularly from India.

Mining and Agriculture Sector

Myanmar has emerged as a major supplier of gas to its neighbours. The country is well endowed with natural gas where proven recoverable reserves are estimated at 2.54 trillion cubic metres, equal to Malaysia and Indonesia. In early 2011, further gas reserves were found but have yet to be brought on line.

Myanmar also has large deposits of metals, minerals and gems. One of the most significant foreign mining investments is the huge Monywa copper project, which includes development of three large deposits, known as Sabetaung, Kyisintaung and Letpadaung. It is estimated that

the Monywa project could eventually produce around 200,000 t/y, making it one of Asia's largest copper mines. Myanmar is also plentiful in coal and manganese, as well as gemstones (the country produces 90 percent of the world's rubies). The country also has many large rivers that offer the potential to generate hydro-electric power.

Further, the country has rich potential for agricultural sector. With a view to develop the rice industry, the Myanmar Rice Industry Association (MRIA) has been recently set up, which would provide farmers with imported fertilizers, seeds and technology, and promote rice growing to private sector firms to boost overall rates of productivity. The room for growth in this sector is enormous. MRIA estimates that rice could eventually be grown on upto 20 mn hectares, and its long-term aim is to return Myanmar to its former status as 'the Rice Bowl of Asia'. Myanmar has substantial forest resources, including most of the world's remaining teak. Exports of teak and other hardwoods are Myanmar's third largest export revenue earner.

Output and exports of both freshwater and marine fish, an important sector of the economy, have risen in recent years, due to increased private investment in freezing and processing facilities. This has been boosted by strong regional demand, particularly for fish and prawns in China and

Thailand. In value terms, fish and prawn exports are among the leading export sectors of Myanmar.

Infrastructure Sector

Myanmar's infrastructure, although poor by regional standards, is set to improve with large investments in the sector, especially by China. China's endeavours in this area would include: railway project linking Yunnan province and Myanmar's northern region; four hydro-electric dams on the Salween river; a gas pipeline from the port of Sittwe to Kunming (the capital of China's Yunnan province); a highway to Yunnan; a port to service Chinese shipping on the island of Ramree and the renovation of Sittwe port; cross-country natural gas pipeline. Further, in late 2010, Thailand announced its plans to develop a deep sea-port in the coastal city of Dawei.

Development Challenges

According to the Asian Development Bank,³ Myanmar faces an extensive agenda of reforms to realize its potential. A comprehensive process of reforms would include improving the climate for investment, generating fiscal resources to expand social and infrastructure spending, developing the finance sector, strengthening macroeconomic management, and liberalizing agriculture and trade.

³Asian Development Outlook 2011

2. FOREIGN TRADE OF MYANMAR

Boosted by rising gas exports to Thailand, large exports of vegetables to India, and rising

exports of wood products to China, India and Thailand, Myanmar's total exports have witnessed a rising trend in recent years; from US\$ 2.8 billion in 2001 to US\$ 6.04 billion in 2010 (**Table 2.1**). As regards imports, total imports of Myanmar rose almost four-fold from US\$ 2.4 billion in 2001 to US\$ 8.98 billion in 2010,

primarily due to increased imports of machinery, mineral fuels and oils, vehicles, and electrical and electronic equipment. Reflecting this trend, Myanmar's trade balance, which was in surplus at US\$ 125 mn in 2008, turned into a deficit of US\$ 397 mn in 2009, which increased further to US\$ 2.94 billion in 2010.

Table 2.1: Myanmar's Foreign Trade, 2001-10 (US\$ mn)

	2001	2001	2003	2004	2005	2006	2007	2008	2009	2010
Exports	2779.7	2794.7	2761.4	3200.4	3771.3	4620.8	4938.4	6418.4	5957.8	6042.7
Imports	2437.4	2647.6	2900.4	3094.7	3215.0	3497.7	5028.1	6293.0	6355.2	8982.3
Trade Balance	342.3	147.1	-139.0	105.7	556.3	1123.1	-89.7	125.4	-397.4	-2939.6

Source: Trade Map, ITC Geneva

Table 2.2 : Myanmar's Exports of Major Commodities, 2001-10 (US\$ mn)

HS Code	2001	2005	2006	2007	2008	2009	2010
All products	2779.7	3771.3	4620.8	4938.4	6418.4	5957.8	6042.7
27 Mineral fuels, oils, distillation products, etc	704.2	1570.2	2106.5	2125.4	3191.1	2616.1	2640.0
07 Edible vegetables and certain roots and tubers	277.6	311.9	571.7	637.3	744.3	978.4	717.2
44 Wood and articles of wood, wood charcoal	415.6	809.1	757.3	925.4	974.9	700.7	697.1
62 Articles of apparel, accessories, not knit or crochet	365.5	262.1	322.3	359.4	407.8	421.5	523.7
03 Fish, crustaceans, molluscs	168.3	244.0	260.7	254.8	304.3	294.9	294.2
26 Ores, slag and ash	12.2	28.9	20.9	44.3	75.0	107.2	201.7
40 Rubber and articles thereof	11.9	43.1	38.2	64.4	95.9	69.2	173.3
71 Pearls, precious stones, metals	21.5	47.2	76.2	94.9	52.8	93.2	165.5
12 Oil seed, grain, seed, fruit, etc	24.0	26.2	29.4	63.2	115.5	93.4	98.1
64 Footwear, gaiters and the like, parts thereof	20.8	36.7	45.4	56.8	61.6	80.5	90.4
10 Cereals	39.8	42.4	35.6	33.6	100.1	133.3	89.1
08 Edible fruit, nuts, peel of citrus fruit, melons	10.4	8.3	9.1	15.3	33.0	38.0	55.4
74 Copper and articles thereof	43.8	102.2	101.4	45.4	18.4	27.6	48.1
25 Salt, sulphur, plaster, lime and cement	6.2	4.9	4.4	6.3	18.3	76.6	44.5
61 Articles of apparel, accessories, knit or crochet	523.0	84.2	87.2	53.5	50.7	36.8	31.8

Source: Trade Map, ITC Geneva

Major Exports Items

Trends in Myanmar's exports of major commodities have been presented in **Table 2.2**. Mineral fuels and oils are the largest items of exports, followed by edible vegetables, wood and articles of wood, articles of apparel and accessories, fish and crustaceans, ores and slag, rubber and articles, and pearls and precious stones.

Mineral fuels and oils, the largest items in Myanmar's export basket, account for as much as 44 percent of Myanmar's total exports in 2010. Under this category, petroleum gases are the largest export items which are exported mainly to Thailand. As regards exports of edible vegetables, which are the second largest items in Myanmar's export basket, India is the largest export market, followed by China, Pakistan, Malaysia, Hong Kong and Korea. Dried vegetables are major exports under this category.

For Myanmar's exports of wood and wood products, the major markets are China, India, Thailand, Chinese Taipei and Malaysia. In the case of articles of apparel and accessories, Japan, Korea and Germany are the largest markets, together accounting for 68 percent of Myanmar's total exports in 2010. As regards exports of fish and crustaceans,

the top markets are Thailand, China, Japan, Malaysia, Hong Kong, and Singapore, together accounting for as much as 85 percent of Myanmar's total exports in 2010. In the case of ores and slag, China is the single largest market with a dominant share of 96 percent of Myanmar's total exports in 2010, while Malaysia and Thailand are also important export markets.

In the case of rubber and articles, China and Malaysia are the largest export markets, together accounting for 95 percent of Myanmar's total exports in 2010. Korea and India are other key markets for Myanmar's rubber exports. As regards pearls and precious stones, China is the largest market, accounting for as much as 86 percent of Myanmar's total imports in 2010, while Hong

Kong and Japan are other key markets.

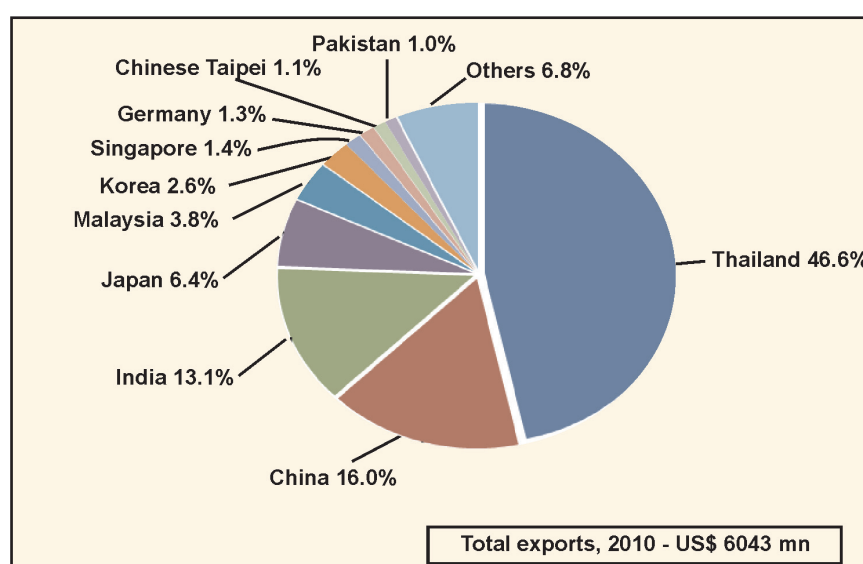
Major Export Markets

Reflecting the dominance of petroleum gases in Myanmar's exports basket, Thailand is Myanmar's leading export market, with a significant share of 47 percent of the country's total exports in 2010. China and India are the other two major export markets, accounting for 16 percent and 13 percent, respectively, of Myanmar's total exports in 2010 (**Chart 2.1**).

Trends in Myanmar Exports to Major Markets

Trends in Myanmar exports to major export markets for the period 2001 to 2010 have been presented in **Table 2.3**.

Chart 2.1: Myanmar's Major Export Markets, 2010 (% share in total)



Source: Trade Map, ITC Geneva

Table 2.3 : Myanmar's Major Export Markets, 2001-10 (US\$ mn)

	2001	2005	2006	2007	2008	2009	2010	CAGR, 2001-10
Total	2779.7	3771.3	4620.8	4938.4	6418.4	5957.8	6042.7	9.0
Thailand	805.7	1787.2	2341.4	2301.4	3376.7	2781.6	2813.9	14.9
China	134.2	274.4	252.7	378.1	647.5	646.1	966.1	24.5
India	350.4	489.2	702.7	809.1	906.3	1181.8	792.7	9.5
Japan	102.1	203.6	246.0	295.1	315.5	341.3	385.4	15.9
Malaysia	78.2	133.6	125.2	138.7	175.0	144.2	229.2	12.7
Republic of Korea	50.7	56.3	96.4	80.7	116.3	78.4	159.7	13.6
Singapore	113.3	107.9	69.6	61.2	88.8	118.3	82.9	-3.4
Germany	110.4	112.6	128.2	124.8	102.4	81.3	78.5	-3.7
Chinese Taipei	29.0	51.6	49.0	61.0	69.1	55.1	63.7	9.2
Pakistan**	-	39.3	53.2	51.2	48.8	42.7	58.9	30.4
United Kingdom	117.5	74.2	75.0	60.1	64.4	52.1	52.2	-8.6
Spain	28.1	22.5	44.5	47.7	55.6	42.6	47.9	6.1
Hong Kong, China	27.6	48.3	53.8	80.1	49.0	42.2	41.1	4.5

Source: Trade Map, ITC Geneva

Note: - Not available / negligible, ** - CAGR for period 2003-10

Table 2.4: Myanmar's Major Exports to Thailand, 2001, 2005 & 2010 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	805.7	1,787.2	2,813.9
2711 Petroleum gases	650.3	1,493.2	2,595.4
0302 Fish, fresh, whole	6.3	40.1	53.6
4403 Wood in the rough	48.6	78.3	41.5

Source: Trade Map, ITC Geneva

As can be seen from the table above, Myanmar's exports to major markets such as Thailand, China, Japan, Malaysia, Korea, and Pakistan have registered healthy trend growth, with CAGR ranging from 13 percent to 30 percent during the last ten years,

above the overall trend growth of 9 percent.

In the case of Thailand, the sharp rise in exports of petroleum gases, aided by rise in fresh fish exports, have boosted Myanmar's overall exports to Thailand (**Table 2.4**).

As regards Myanmar's exports to China, sharp rise in exports of precious and semi-precious stones, wood, iron ores & manganese ores, dried vegetables and natural rubber have underlined the robust trend in Myanmar's overall exports to China (**Table 2.5**).

Table 2.5: Myanmar's Major Exports to China, 2001, 2005 & 2010 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	134.2	274.4	966.1
7103 Precious & semi-precious stones	3.7	3.6	142.0
4403 Wood in the rough	58.0	129.1	139.0
2601 Iron ores & concentrates	-	5.8	81.8
4001 Natural rubber	0.8	9.6	67.4
2602 Manganese ores and concentrates etc	2.9	12.6	66.5
0713 Dried vegetables, shelled	0.6	2.8	61.6
4407 Wood sawn/chipped, sliced/peeled	30.5	63.9	52.6

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 2.6: Myanmar's Major Exports to Japan - 2001, 2005 & 2010 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	102.1	203.6	385.4
6403 Footwear, upper of leather	15.7	34.6	77.1
6201 Men's overcoats, capes, wind jackets etc	1.0	3.5	40.0
6203 Men's suits, jackets, trousers etc & shorts	1.9	26.7	50.9
6205 Men's shirts	3.2	16.7	40.1
0306 Crustaceans	40.1	62.8	47.1

Source: Trade Map, ITC Geneva

Table 2.7: Myanmar's Major Exports to Malaysia - 2001, 2005 & 2010 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	78.2	133.6	229.2
4001 Natural rubber	8.4	26.9	92.4
0713 Dried vegetables, shelled	10.1	13.4	37.7
0306 Crustaceans	7.9	11.9	16.9
4407 Wood sawn/chipped lengthwise	1.8	7.3	15.1
0303 Fish, frozen, whole	5.3	11.5	13.0

Source: Trade Map, ITC Geneva

As regards Myanmar's exports to Japan, Malaysia and Korea, the robust trend in Myanmar's exports to these countries have been underlined by sharp pick up in exports of footwear, men's suits, shirts and overcoats in the case of Japan (Table 2.6); robust growth in exports of natural rubber, dried vegetables, and wood sawn in the case of Malaysia (Table 2.7);

and in the case of Korea by robust rise in exports of men's suits & overcoats (men's & women's) (Table 2.8).

In the case of Myanmar's exports to Pakistan, which registered a significant CAGR of 30 percent during 2003-10, the robust trend has been underlined by significant rise in Myanmar's exports of dried

vegetables to Pakistan, aided by rise in exports of wood and ginger, turmeric & saffron (Table 2.9).

In the case of Myanmar's exports to India, which registered a CAGR of 9.5 percent during 2001-10, rise in exports of dried vegetables and wood has underlined the rising overall trend in Myanmar's exports to India (Table 2.10).

Table 2.8 : Myanmar's Major Exports to Korea - 2001, 2005 & 2010 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	50.7	56.3	159.7
6201 Men's overcoats, capes, wind-jackets etc	0.1	0.3	36.0
6202 Women's overcoats, capes, wind-jackets etc	-	0.1	29.6
6203 Men's suits, jackets, trousers etc & shorts	1.3	1.5	18.2

Source: Trade Map, ITC Geneva

Notes: - Not available / negligible

Table 2.9: Myanmar's Major Exports to Pakistan, 2003, 2005 & 2010 (US\$ mn)

Product code (HS)	2003	2005	2010
All products	9.2	39.3	58.9
0713 Dried vegetables, shelled	5.1	25.6	46.1
4403 Wood in the rough	1.2	5.8	5.7
0910 Ginger, saffron, turmeric, thyme, bay leaves	0.2	1.0	3.5

Source: Trade Map, ITC Geneva

Table 2.10: Myanmar's Major Exports to India, 2001, 2005 & 2010 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	350.4	489.2	792.7
0713 Dried vegetables, shelled	221.7	206.7	445.2
4403 Wood in the rough	120.8	270.3	314.4

Source: Trade Map, ITC Geneva

Table 2.11: Myanmar's Imports of Major Commodities, 2001-10 (US\$ mn)

HS code		2001	2005	2006	2007	2008	2009	2010
	All products	2437.4	3215.0	3497.7	5028.1	6293.0	6355.2	8982.3
84	Machinery, boilers, etc	325.6	383.3	423.3	700.9	783.1	927.9	1313.7
27	Mineral fuels, oils, distillation products, etc	341.7	363.6	352.7	576.7	1079.7	721.4	1083.9
87	Vehicles other than railway, tramway	105.2	127.7	179.7	336.6	414.9	485.9	720.8
85	Electrical, electronic equipment	176.2	184.0	208.4	347.2	461.0	493.3	701.8
72	Iron and steel	93.5	212.4	219.0	284.5	367.2	414.4	509.9
73	Articles of iron or steel	69.3	98.1	137.1	315.4	201.8	321.3	407.0
15	Animal, vegetable fats and oils	78.0	153.4	159.2	287.4	325.2	200.1	360.5
39	Plastics and articles thereof	99.7	168.7	182.5	231.1	278.6	225.1	308.5
55	Manmade staple fibres	63.1	90.4	103.0	121.1	124.6	145.6	221.2
21	Miscellaneous edible preparations	30.3	46.7	78.8	72.2	115.8	154.7	211.2
22	Beverages, spirits and vinegar	21.1	54.9	61.1	68.5	100.5	127.6	188.8
25	Salt, sulphur, plaster, lime and cement	23.8	14.7	31.0	38.5	50.8	113.5	188.8
30	Pharmaceutical products	53.7	86.5	101.2	124.9	149.6	171.7	179.2
52	Cotton	65.0	87.0	92.2	103.6	114.0	123.6	159.3
40	Rubber and articles thereof	34.4	54.2	76.0	94.6	103.4	123.8	149.9
29	Organic chemicals	30.9	60.7	50.8	86.8	85.9	102.9	122.3
19	Cereal, milk preparations and products	9.3	24.5	38.3	51.9	66.9	106.7	119.9
90	Optical, medical, apparatus	21.4	45.7	36.9	56.9	74.3	69.2	106.4
54	Manmade filaments	53.8	43.4	48.2	55.1	69.6	70.9	103.1
48	Paper & paperboard, articles of pulp	54.6	55.2	63.5	68.6	94.6	85.5	100.8

Source: Trade Map, ITC Geneva

Major Imports Items

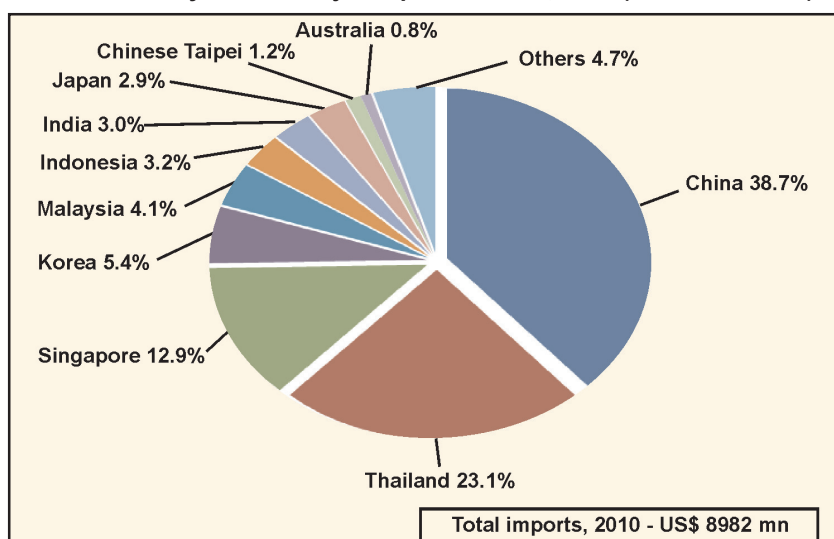
Trends in Myanmar's imports of major commodities have been presented in **Table 2.11**. Machinery and related products are the largest items in Myanmar's import basket, followed by mineral fuels and oils, vehicles, electrical and electronic equipment, iron and steel, and articles of iron and steel.

Import of machinery and related products, the largest items in Myanmar's import basket, amounted to US\$ 1.3 billion in 2010, with a share of 15 percent in the country's total imports. China is the primary source of imports, accounting for as much as 56 percent of Myanmar's imports of these items, followed by Singapore and Japan.

As regards mineral fuels and oils,

the major imports of Myanmar under this category are petroleum oils, petroleum jelly, and petroleum coke, with the major suppliers being Singapore, Thailand, China, and Iran. As regards vehicles imports, China is the largest source, accounting for as much as 68 percent of Myanmar's imports in 2010, followed by Thailand and Japan. Further, China is also the major supplier of electrical and electronic equipment, with a

Chart 2.2: Myanmar's Major Import Sources, 2010 (% share in total)



Source: Trade Map, ITC Geneva

share of 55 percent of Myanmar's total imports in 2010, followed by Thailand and Singapore.

In the case of iron and steel, China and Korea are the two largest import sources, with a combined

share of around 70 percent of Myanmar's total imports in 2010. Other key import markets are Thailand, Taiwan, India, Turkey, Ukraine and Singapore. China is again the single largest import market for Myanmar's imports of articles of iron and steel, with a share of 60 percent of Myanmar's total imports in 2010. Thailand, Indonesia, Malaysia and Korea are other key import markets for Myanmar.

Major Import Partners

The dominance of machinery, mineral fuels, vehicles and electrical & electronic equipment in Myanmar's import basket

Table 2.12: Myanmar's Major Import Sources, 2001-10 (US\$ mn)

	2001	2005	2006	2007	2008	2009	2010	CAGR, 2001-10
Total	2437.4	3215.0	3497.7	5028.1	6293.0	6355.2	8982.3	15.6
China	497.3	934.8	1207.4	1700.1	1977.8	2261.2	3475.5	24.1
Thailand	354.3	704.9	761.8	962.2	1317.6	1544.7	2073.0	21.7
Singapore	423.0	594.9	563.4	778.3	1285.7	890.6	1159.3	11.9
Republic of Korea	232.1	120.0	121.3	292.0	243.8	406.2	481.0	8.4
Malaysia	197.0	245.6	165.3	209.9	312.3	211.5	369.5	7.2
Indonesia	69.0	78.0	137.7	262.4	250.8	174.8	284.2	17.0
India	57.7	117.2	124.1	162.8	237.3	208.2	272.6	18.8
Japan	186.9	91.8	103.7	175.3	188.1	201.6	261.9	3.8
Chinese Taipei	170.6	78.7	67.8	70.0	93.6	81.8	106.7	-5.1
Australia	19.8	30.5	26.5	28.8	27.1	46.4	72.7	15.5
Russian Federation	33.4	0.7	5.7	14.5	32.3	45.4	62.7	7.2
Hong Kong, China	63.7	35.6	37.2	49.2	48.9	38.9	53.6	-1.9
Iran	1.0	1.4	2.4	-	-	-	50.6	54.5
Germany	16.1	32.6	40.9	53.3	55.0	52.6	30.6	7.4
Viet Nam**	5.4	12.0	16.5	21.8	32.6	33.9	-	24.3

Source: Trade Map, ITC Geneva,

Note: - Not available / negligible, **-CAGR for period 2001-09

has its reflecting in the direction of Myanmar's imports. China, Thailand and Singapore are the three largest import partners, together accounting for as much as 75 percent of Myanmar's total imports in 2010 (**Chart 2.2**).

Trends in Myanmar Imports from Major Markets

Trends in Myanmar imports from major import markets for

the period 2001-10 have been presented in **Table 2.12**.

As can be seen from the table above, among the major import sources, Myanmar's imports from countries such as China, Thailand, Indonesia, India, Australia, Iran and Vietnam, have registered robust trend, with CAGR above the overall trend growth.

Myanmar's imports from China,

its largest import source, has registered a robust CAGR of 24 percent during 2001-10, primarily due to increased import of trucks and motor vehicles including motorcycles, petroleum oils, woven fabrics of synthetic fibres, earth-moving equipments such as bulldozers, parts and accessories of motor vehicles & motor engines (**Table 2.13**).

Myanmar's imports from Thailand,

Table 2.13: Myanmar's Major Imports from China - 2001, 2005 & 2010 (US\$ mn)

Product code (HS)		2001	2005	2010
All products		497.3	934.8	3475.5
8711	Motorcycles, side-cars	7.3	22.2	231.6
7308	Structures (rods, angle, plates) of iron & steel	18.1	9.5	118.7
8704	Trucks, motor vehicles for the transport of goods	2.9	17.8	113.0
2710	Petroleum oils, not crude	8.8	38.0	97.2
5512	Woven fabrics of synthetic staple fibre	1.6	24.3	96.0
8429	Self-propelled bulldozers, angledozers, graders	1.0	7.7	85.2
8408	Diesel or semi-diesel engines	10.0	16.6	75.3
8708	Parts & access of motor vehicles	2.7	7.7	66.6
8409	Part for use with the motor engines	5.4	7.9	62.8
7210	Flat-rolled prod of iron or non alloy steel, plated or coated	-	1.2	59.8

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 2.14: Myanmar's Major Imports from Thailand- 2001, 2005 & 2010 (US\$ mn)

Product code (HS)		2001	2005	2010
All products		354.3	704.9	2073.0
2710	Petroleum oils, not crude	20.4	80.4	323.4
2523	Cements, portland, aluminous, slag	19.4	9.1	149.7
2202	Non-alcoholic beverages	8.7	30.0	79.4
2101	Extracts essences & concentrates of coffee and tea	0.5	3.3	53.6
2106	Food preparations	1.7	7.5	52.7
8703	Cars (incl. station wagon)	2.7	2.5	40.3

Source: Trade Map, ITC Geneva

Table 2.15: Myanmar's Major Imports from Indonesia- 2001, 2005 & 2010 (US\$ mn)

Product code (HS)		2001	2005	2010
	All products	69.0	78.0	284.2
1511	Palm oil & its fraction	12.5	10.0	129.3
7304	Tubes, pipes and hollow profiles, of iron or steel	-	-	44.6
4802	Uncoated paper for writing, printing etc.	2.8	5.7	14.7

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 2.16: Myanmar's Major Imports from India - 2001, 2005 & 2010 (US\$ mn)

Product code (HS)		2001	2005	2010
	All products	57.7	117.2	272.6
0202	Meat of bovine animals, frozen	-	-	63.1
3004	Medicament mixtures	8.5	21.5	53.1
7210	Flat-rolled prod of iron or non-alloy steel	4.0	9.1	15.6
2304	Soya-bean oil-cake and other solid residues	0.1	0.5	9.9

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 2.17: Myanmar's Major Imports from Australia - 2001, 2005 & 2010 (US\$ mn)

Product code (HS)		2001	2005	2010
	All products	19.8	30.5	72.7
1001	Wheat and meslin	5.5	19.9	50.2
3206	Coloring matter; inorganic products	-	-	4.7
2106	Food preparations	0.9	0.7	4.7

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 2.18: Myanmar's Major Imports from Iran, 2001, 2005 & 2010 (US\$ mn)

Product code (HS)		2001	2005	2010
	All products	1.0	1.4	50.6
2713	Petroleum coke, petroleum bitumen	0.9	1.2	43.8
2712	Petroleum jelly; mineral waxes & similar products	-	-	5.7

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

the second largest import source, also depicted a robust CAGR of 22 percent, reflecting the sharp rise in Myanmar's imports of petroleum oils, cement, and non-alcoholic beverages from Thailand (Table 2.14).

In the case of Indonesia, sharp rise in imports of palm oil and tubes & pipes of iron or steel has underlined the robust trend in

Myanmar's overall imports from Indonesia (Table 2.15).

As regards imports from India, robust rise in imports of meat & preparations and pharmaceuticals, along with pick up in imports of flat-rolled products of iron or non-alloy steel from India, have underlined the robust trend in Myanmar's overall imports from India (Table 2.16).

In the case of Myanmar's imports from Australia, Iran and Vietnam, the robust trends in overall imports have been boosted by sharp rise in Myanmar's imports of wheat from Australia; robust increase in imports of petroleum coke and petroleum jelly from Iran; and prefabricated building and medicaments from Vietnam (Tables 2.17, 2.18 & 2.19).

Table 2.19: Myanmar's Major Imports from Vietnam, 2001, 2005 & 2009 (US\$ mn)

Product code (HS)	2001	2005	2010
All products	5.4	12.0	33.9
9406 Prefabricated buildings	0.5	1.6	8.7
3003 Medicament mixtures	-	-	2.9
7210 Flat-rolled prod of iron or non-alloy steel	-	-	2.6

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

3. INDIA'S TRADE AND ECONOMIC RELATIONS WITH MYANMAR

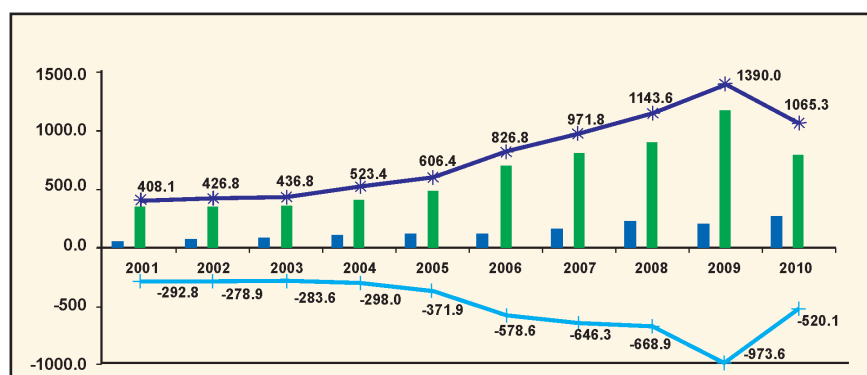
Trends in Indo-Myanmar Trade

Trade relations between India and Myanmar have witnessed a robust trend in recent years, with India's total trade (exports plus imports) with Myanmar having risen from US\$ 408 mn in 2001 to US\$ 1.06 billion in 2010. This buoyant trend has been underlined by both rise in India's export to and imports from Myanmar (**Table 3.1 and Chart 3.1**). India generally maintains a trade deficit with Myanmar, which has increased from US\$ 293 mn in 2001 to US\$ 974 mn in 2009, and stood at US\$ 520 mn in 2010.

India's Major Exports to Myanmar

During the period 2001-10, India's exports to Myanmar have risen 5-fold, from US\$ 58 mn in 2001 to US\$ 273 mn in 2010, due to rise in exports of meat & preparations, pharmaceuticals, electrical & electronic equipment, and machinery to Myanmar

Chart 3.1: India's Trade with Myanmar, 2001-10 (US\$ mn)



Source: Trade Map, ITC Geneva

(**Table 3.2**). India's exports basket to Myanmar is dominated by meat & preparations and pharmaceuticals, with these two items accounting for a significant 45 percent share of India's total exports to Myanmar in 2010.

India's Major Exports to Myanmar and Share in Myanmar's Global Imports

While India's overall exports to Myanmar have depicted a robust trend in recent years, an analysis of the share of India's major exports to Myanmar vis-a-vis Myanmar's global imports of these items would reveal the tremendous scope to further enhance India's exports to Myanmar.

This analysis has been presented in **Table 3.3** below. The following

points can be discerned from the table:

- In the case of pharmaceuticals, meat and meat preparations, sugar and sugar confectionery, articles of base metals, animal fodder, and tools and implements, India is a major source for Myanmar's imports, accounting for a significant share in Myanmar's global imports;
- However, in the case of other major exports to Myanmar, the share of India in Myanmar's import basket is low. In particular, India's share in Myanmar's top import items is still marginal, which would serve to highlight the tremendous scope to enhance such exports to Myanmar.

Table 3.1: India's Trade with Myanmar, 2001-10 (US\$ mn)

	2001	2001	2003	2004	2005	2006	2007	2008	2009	2010
Exports to Myanmar	57.7	73.9	76.6	112.7	117.2	124.1	162.8	237.3	208.2	272.6
Imports from Myanmar	350.4	352.9	360.2	410.7	489.2	702.7	809.1	906.3	1181.8	792.7
Total Trade	408.1	426.8	436.8	523.4	606.4	826.8	971.8	1143.6	1390.0	1065.3
Trade Balance	-292.8	-278.9	-283.6	-298.0	-371.9	-578.6	-646.3	-668.9	-973.6	-520.1

Source: Trade Map, ITC Geneva

Table 3.2: India's Exports of Major Commodities to Myanmar (US\$ mn)

HS code		2001	2005	2006	2007	2008	2009	2010
	All products	57.7	117.2	124.1	162.8	237.3	208.2	272.6
02	Meat and edible meat offal	-	0.1	-	0.1	-	1.5	65.6
30	Pharmaceutical products	10.5	23.3	33.9	40.9	50.4	54.3	56.9
72	Iron and steel	16.4	37.7	36.4	38.4	43.4	51.2	18.6
85	Electrical, electronic equipment	2.6	6.1	5.3	10.1	14.6	14.7	16.6
84	Machinery, boilers, etc	2.0	9.1	6.5	10.3	23.6	9.7	13.8
23	Residues, animal fodder	0.1	0.5	0.8	1.6	3.7	3.7	10.3
52	Cotton	0.4	0.6	0.7	2.9	4.1	4.2	9.9
17	Sugars and sugar confectionery	0.1	-	-	0.1	0.3	0.1	8.7
39	Plastics and articles thereof	2.7	2.1	3.4	3.3	2.7	4.7	8.2
40	Rubber and articles thereof	2.3	3.8	6.1	8.6	7.1	7.8	7.8
73	Articles of iron or steel	1.8	6.0	5.7	9.0	13.4	5.6	5.8
87	Vehicles other than railway, tramway	3.1	6.0	4.1	10.3	5.0	3.8	5.4
96	Misc. manufactured articles	0.3	0.9	1.3	1.6	3.0	3.2	4.3
38	Misc. chemical products	0.2	1.8	1.3	1.8	2.1	1.9	3.8
83	Miscellaneous articles of base metal	0.3	0.5	0.9	0.7	1.6	3.0	3.2
33	Essential oils, perfumes, cosmetics, toiletries	0.3	0.9	1.2	1.1	1.9	2.0	3.0
82	Tools, implements, cutlery, etc of base metal	1.2	1.7	2.2	3.1	2.9	2.5	2.8
27	Mineral fuels, oils, distillation products, etc	-	1.9	0.2	0.4	2.0	12.7	2.8
21	Misc. edible preparations	0.1	-	-	0.6	1.6	0.9	2.4
48	Paper & paperboard, articles of pulp	1.1	0.4	0.8	0.4	2.0	0.9	2.4

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

India's Imports from Myanmar

As regards India's imports from Myanmar, two items, viz. edible vegetables and wood & wood articles, dominate the import basket, accounting for as much as 97 percent of India's total imports from Myanmar (Table 3.4). For these two items, Myanmar is a major import source for India; Myanmar is India's largest import source for edible vegetables, accounting for as much as 33

percent of India's global imports. In the case of wood and wood products, Myanmar is the second largest import source, after Malaysia, with a share of 26 percent of India's global imports in 2010.

INDIA'S ECONOMIC RELATIONS WITH MYANMAR⁴

Border trade

India and Myanmar signed a border trade agreement in 1994

and have two operational border trade points (Moreh-Tamu and Zowkhatar-Rhi) on the 1664 km long border. Agreement has also been reached on setting up a third border trade point at Avakhung-Pansat/Somra. During the 3rd India-Myanmar Joint Trade Committee in October 2008, it was agreed that Border Trade at the existing points would be upgraded to Normal Trade so as to promote bilateral trade between the two countries.

⁴Ministry of External affairs, Govt. of India

Table 3.3: India's Major Exports to Myanmar and Share in Myanmar's Global Imports, 2010

Product code (HS)	Myanmar's Imports from the World, 2010 (US\$ mn)	India's Exports to Myanmar, 2010 (US\$ mn)	India's exports to Myanmar as % of Myanmar's imports, 2010
ALL PRODUCTS	8,982.3	272.6	3.0
84 Machinery, boilers, etc	1,313.7	13.8	1.0
27 Mineral fuels, oils, distillation products, etc	1,083.9	2.8	0.3
87 Vehicles other than railway, tramway	720.8	5.4	0.8
85 Electrical, electronic equipment	701.8	16.6	2.4
72 Iron and steel	509.9	18.6	3.7
73 Articles of iron or steel	407.0	5.8	1.4
39 Plastics and articles thereof	308.5	8.2	2.7
21 Misc. edible preparations	211.2	2.4	1.1
30 Pharmaceutical products	179.2	56.9	31.7
52 Cotton	159.3	9.9	6.2
40 Rubber and articles thereof	149.9	7.8	5.2
48 Paper & paperboard, articles of pulp	100.8	2.4	2.3
02 Meat and edible meat offal	75.9	65.6	86.4
38 Miscellaneous chemical products	75.3	3.8	5.1
33 Essential oils, perfumes, cosmetics, toiletries	72.0	3.0	4.2
96 Misc. manufactured articles	50.9	4.3	8.4
17 Sugars and sugar confectionery	42.8	8.7	20.4
83 Misc. articles of base metal	26.9	3.2	11.7
23 Residues, animal fodder	19.7	10.3	52.1
82 Tools, implements, cutlery, etc of base metal	18.2	2.8	15.7

Source: Trade Map, ITC Geneva

Note: Ranking of Products is based on Myanmar's imports

During the third Joint Trade Committee Meeting, United Bank of India signed an MoU with three Myanmar national banks (Myanmar Foreign Trade Bank {MFTB}, Myanmar Economic Bank and Myanmar Investment and Commercial Bank) to facilitate trade, which is being mostly utilized for border trade.

Major Indian Projects in Myanmar

India is actively involved in a number of projects in Myanmar, both in infrastructural and non-infrastructural areas. These include:

- Upgradation and resurfacing

of the 160 km. long Tamu-Kalewa-Kalemyo road,

- Construction and upgradation of the Rhi-Tiddim Road in Myanmar,
- The Kaladan Multimodal Transport Project,

Table 3.4 : India's Imports of Major Commodities from Myanmar (US\$ mn)

Product code (HS)	2001	2005	2006	2007	2008	2009	2010	Share of Myanmar in India's imports, 2010 (%)
All products	350.4	489.2	702.7	809.1	906.3	1181.8	792.7	0.3
07 Edible vegetables, roots and tubers	221.8	206.8	454.0	475.8	506.5	829.8	445.2	32.8
44 Wood and articles of wood	121.8	274.3	242.1	324.7	392.7	323.6	325.6	25.7
05 Products of animal origin	-	-	-	-	2.1	5.3	10.3	42.4
41 Raw hides and skins, and leather	0.1	0.8	1.2	1.5	1.4	1.5	3.6	0.9
09 Coffee, tea, mate and spices	0.4	0.4	0.6	0.5	0.8	2.8	2.7	1.2
40 Rubber and articles thereof	0.6	3.5	2.2	1.5	0.3	0.5	1.8	0.1
12 Oilseeds, grain, seed	0.3	0.1	0.1	0.01	0.03	0.5	0.5	0.4
08 Edible fruits, nuts	1.4	0.9	0.4	2.7	0.7	1.4	0.4	0.04

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

- A project for high speed data link in 32 Myanmar cities has been completed by TCIL, the Tamanthi and Shwezaye Hydro-Electric Power project in Chindwin River valley, for Enhancement of IT Skills (IMCEITS) are all operational. Another ITC is expected to set up in Myingyan,
- ONGC Videsh Ltd. (OVL), GAIL and ESSAR are participants in the energy sector in Myanmar, • A heavy turbo-truck assembly plant set up in Myanmar by TATA Motors, was inaugurated in December 2010, • Other projects include revamping of the Ananda Temple in Bagan, upgradation of the Yangon Children's Hospital and Sittwe General Hospital, erection of disaster proof rice silos, etc,
- RITES is involved in development of the rail transportation system and in supply of railway coaches, locomotives and parts, • An India-Myanmar Industrial Training Centre has been set up by HMT(I) in Myanmar, • India has also assisted in the reconstruction of 1 high school and 6 primary schools in Tarlay township, the area worst affected by the severe earthquake that struck north-
- Ministry of Electric Power-1 (MoEP-1), Govt. of Myanmar, and NHPC have signed an agreement for development of • The Myanmar-India Centre for English Language (MICELT), a Myanmar-India Entrepreneurship Development Centre (MIEDC) and an India-Myanmar Centre

eastern Myanmar in March 2011.

India and Myanmar in Regional and Sub-Regional Cooperation

- **ASEAN:** Myanmar became a member of ASEAN in July 1997. As the only ASEAN country which shares a land border with India, Myanmar is a bridge between India and ASEAN. A few proposals for cooperation have been implemented and some are under discussions with Myanmar within the framework of ASEAN's Initiative for ASEAN Integration (IAI) programme.
- **BIMSTEC:** Myanmar became a member of BIMSTEC in December 1997. Myanmar is a signatory to the BIMSTEC Free Trade Agreement.

Myanmar is the lead country for the energy sector. Myanmar trades mostly with Thailand and India in the BIMSTEC region.

- **Mekong Ganga Cooperation:** Myanmar is a member of the Mekong Ganga Cooperation (MGC) since its inception in November 2000. MGC is an initiative by six countries – India and five ASEAN countries namely, Cambodia, Laos, Myanmar, Thailand and Vietnam – for cooperation in the fields of tourism, education, culture, transport and communication. The chairmanship of MGC is assumed by member countries in alphabetical order.
- **SAARC:** Myanmar was given the status of observer in SAARC in August 2008.

Activities of Export-Import Bank of India (Exim India) Myanmar

In Myanmar, Exim India has extended GOI supported 7 LOCs valued at US\$ 247.4 mn, to the State-owned Myanma Foreign Trade Bank (MFTB) for various purposes including: upgradation of the Yangon – Mandalay railway system, upgradation and maintenance of workshops and railway tracks in Myanmar, setting up Moreh-Tamu OFC link with Cor-DECT system at Yangon and Mandalay urban centers, Thanlyin refinery projects, railway projects, setting up an assembly/manufacturing plant for assembly and manufacturing of Tata vehicles in Myanmar, setting up of three transmission lines in Myanmar, and upgradation of Thanbayakan Petrochemical Complex.

4. POTENTIAL AREAS FOR ENHANCING BILATERAL TRADE RELATIONS

As highlighted in the previous chapter, bilateral trade relations between India and Myanmar has witnessed a robust rising trend in recent years, with total trade between the two having risen to US\$ 1.06 billion in 2010. At the same time, bilateral trade balance has been in Myanmar's favour, with India's trade deficit with Myanmar increasing from US\$ 293 mn in 2001 to US\$ 520 mn in 2010.

To enhance bilateral trade relations, as also to address the rising trade deficit, strategy to boost trade relations with Myanmar would entail identification of potential items of India's exports, which would be based on the following analysis:

- Identification of major items in Myanmar's import basket, and share of India in each product line (based on HS-code); and
- Selection of potential items, based on low share of India

in Myanmar's import basket of major commodities. This would entail identification of potential export items under each product category, upto 6-digit HS Commodity code.

Table 4.1 presents Myanmar's major import items, in terms of 2-digit HS code, and India's share in Myanmar's global imports of these items. As can be seen from the table, apart from pharmaceuticals (HS-30), India's share in Myanmar's major imports is still low, which highlights the potential for enhancing these exports to Myanmar.

Based on the above criteria, potential items of export to Myanmar would include the following categories of exports:

- Machinery & boilers, etc (HS-84)
- Mineral fuels and oils (HS-27)
- Vehicles other than railway (HS-87)
- Electrical and electronic equipment (HS-85)
- Iron and steel (HS-72)
- Articles of iron and steel (HS-73)
- Plastics and articles (HS-39)
- Miscellaneous edible preparations (HS-21)
- Salt, sulphur, lime and cement (25)
- Cotton (HS-52)

- Rubber and articles (40)
- Organic chemicals (HS-29)
- Cereal, flour, starch and milk preparations & products (HS-19)
- Optical and medical apparatus (HS-90)
- Manmade filaments (HS-54)
- Paper and paperboard (HS-48)

Based on the above analysis, identification of potential items of India's exports to Myanmar under the above identified categories (up to 6-digit HS Commodity codes) has been undertaken, and are presented in **Annexure 1**. Brief analysis of Myanmar's imports of these identified categories from major suppliers and from India is presented below.

Machinery & Boilers, etc. (HS-84) Machinery and boilers are the largest items in Myanmar's import basket, amounting to US\$ 1.3 billion in 2010, with a share of 15 percent of Myanmar's total imports. The major suppliers to Myanmar are China, Singapore, Japan, Korea and Thailand (**Table 4.2**). While India's exports of these items to Myanmar have risen from US\$ 9.7 mn in 2009 to US\$ 13.8 mn in 2010, India's share in Myanmar's imports is marginal at 1 percent, which highlights the potential to further enhance these exports to Myanmar.

Table 4.1: Myanmar's Major Imports & India's Share (%)

Product code (HS Code)		Myanmar's Imports from World (US\$ mn)		Myanmar's imports from India (US\$ mn)		India's share in Myanmar's Imports (%)	
		2009	2010	2009	2010	2009	2010
TOTAL	All products	6355.2	8982.3	208.2	272.6	3.3	3.0
84	Machinery, boilers, etc	927.9	1313.7	9.7	13.8	1.0	1.0
27	Mineral fuels, oils, distillation products, etc	721.4	1083.9	12.7	2.8	1.8	0.3
87	Vehicles other than railway, tramway	485.9	720.8	3.8	5.4	0.8	0.8
85	Electrical, electronic equipment	493.3	701.8	14.7	16.6	3.0	2.4
72	Iron and steel	414.4	509.9	51.2	18.6	12.4	3.7
73	Articles of iron or steel	321.3	407.0	5.6	5.8	1.7	1.4
39	Plastics and articles	225.1	308.5	4.7	8.2	2.1	2.7
21	Miscellaneous edible preparations	154.7	211.2	0.9	2.4	0.5	1.1
25	Salt, sulphur, earth, stone, plaster, lime and cement	113.5	188.8	1.8	1.1	1.6	0.6
30	Pharmaceutical products	171.7	179.2	54.3	56.9	31.6	31.7
52	Cotton	123.6	159.3	4.2	9.9	3.4	6.2
40	Rubber and articles	123.8	149.9	7.8	7.8	6.3	5.2
29	Organic chemicals	102.9	122.3	1.6	1.3	1.5	1.1
19	Cereal, flour, starch, milk preparations and products	106.7	119.9	0.7	0.5	0.7	0.4
90	Optical, photo, technical, medical, etc apparatus	69.2	106.4	1.4	1.6	2.1	1.5
54	Manmade filaments	70.9	103.1	0.1	0.1	0.1	0.1
48	Paper & paperboard, articles of pulp, paper and board	85.5	100.8	0.9	2.4	1.1	2.3

Source: Trade Map, ITC Geneva

Note: - Ranking of products is based on Myanmar's imports

Mineral Fuels and Oils (HS-27)

Mineral fuels and oils are the second largest items in Myanmar's import basket. In 2010, these imports amounted to US\$ 1.08 billion with a share of 12 percent in Myanmar's total import basket. Major suppliers to Myanmar are Singapore, Thailand, China, Iran and Malaysia (Table 4.3). Potential to enhance India's exports to Myanmar can be assessed from the fact that India's exports of US\$ 2.8 mn in 2010 accounts for a marginal 0.3 percent of Myanmar's total imports.

Vehicles other than Railway (HS-87)

Vehicles other than railway are the third largest import items in Myanmar, rising from US\$ 486 mn in 2009 to US\$ 721 mn in 2010, with a share of 8 percent of the country's total imports. While India's exports of these items to Myanmar have risen from US\$ 3.8 mn in 2009 to US\$ 5.4 mn in 2010, India's share in Myanmar's imports is still marginal at around 0.8 percent. Major suppliers to these items to Myanmar are China, Thailand, Japan, Singapore, Russia and Korea (Table 4.4).

Electrical and Electronic Equipment (HS-85)

Myanmar's imports of electrical and electronic equipments increased from US\$ 493 mn in 2009 to US\$ 702 mn in 2010, accounting for around 7.8 percent

Table 4.2: Myanmar's Major Suppliers of Machinery (HS-84)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	927.9	1313.7	100.0	100.0
China	540.5	729.2	58.2	55.5
Singapore	136.3	149.9	14.7	11.4
Japan	57.0	115.7	6.1	8.8
Republic of Korea	45.8	111.5	4.9	8.5
Thailand	60.4	104.6	6.5	8.0
Malaysia	10.5	23.8	1.1	1.8
Chinese Taipei	18.4	21.5	2.0	1.6
India	9.7	13.8	1.0	1.0
Germany	16.5	10.6	1.8	0.8

Source: Trade Map, ITC Geneva

Table 4.3: Myanmar's Major Suppliers of Mineral Fuels & Oils (HS-27)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	721.4	1083.9	100.0	100.0
Singapore	323.5	516.0	44.8	47.6
Thailand	275.5	328.6	38.2	30.3
China	83.2	158.0	11.5	14.6
Iran	-	49.7	-	4.6
Malaysia	23.7	24.1	3.3	2.2
India	12.7	2.8	1.8	0.3

Source: Trade Map, ITC Geneva

Note: - Not available / negligible

Table 4.4: Myanmar's Major Suppliers of Vehicles (HS-87)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	485.9	720.8	100.0	100.0
China	249.3	486.7	51.3	67.5
Thailand	99.2	107.5	20.4	14.9
Japan	87.4	53.3	18.0	7.4
Singapore	15.7	24.9	3.2	3.5
Russian Federation	17.9	20.1	3.7	2.8
Republic of Korea	4.5	10.6	0.9	1.5
India	3.8	5.4	0.8	0.8
Malaysia	3.5	4.6	0.7	0.6

Source: Trade Map, ITC Geneva

of the country's total imports and ranks as the fourth largest items in the country's imports. The major suppliers to Myanmar are China, Thailand and Singapore, together accounting for as much as 85 percent of Myanmar's global imports of these items (**Table 4.5**). While these items are among India's major exports to Myanmar, with exports to Myanmar having risen from US\$ 15 mn in 2009 to US\$ 17 mn in 2010, India accounts for a marginal 2.4 percent share in Myanmar's global imports of these items.

Iron and Steel (HS-72)

Myanmar's imports of iron and steel rose sharply from US\$ 414 mn in 2009 to US\$ 510 mn in 2010, depicting a growth of 23 percent and accounted for around 6 percent of the country's total imports. China, Korea and Thailand are the three largest suppliers to Myanmar, together accounting for as much as 82 percent of the country's global imports (**Table 4.6**). For India, iron and steel are among the major exports to Myanmar, with exports to Myanmar amounting to US\$ 51 mn in 2010, before declining sharply to US\$ 19 mn in 2010.

Articles of Iron and Steel (HS-73)

Myanmar's imports of articles of iron and steel rose from US\$ 321 mn in 2009 to US\$ 407 mn in 2010, with the main suppliers being China, Thailand, Indonesia and Malaysia

Table 4.5: Myanmar's Major Suppliers of Electrical & Electronic Equipment (HS-85)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	493.3	701.8	100.0	100.0
China	268.5	386.6	54.4	55.1
Thailand	96.5	107.0	19.6	15.2
Singapore	58.2	103.4	11.8	14.7
Republic of Korea	8.0	16.7	1.6	2.4
India	14.7	16.6	3.0	2.4
Hong Kong, China	6.5	12.7	1.3	1.8

Source: Trade Map, ITC Geneva

Table 4.6: Myanmar's Major Suppliers of Iron and Steel (HS-72)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	414.4	509.9	100.0	100.0
China	102.0	217.7	24.6	42.7
Republic of Korea	147.4	136.5	35.6	26.8
Thailand	53.4	65.6	12.9	12.9
Chinese Taipei	17.6	18.9	4.2	3.7
India	51.2	18.6	12.4	3.7
Turkey	11.2	16.9	2.7	3.3

Source: Trade Map, ITC Geneva

Table 4.7: Myanmar's Major Suppliers of Articles of Iron and Steel (HS-73)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	321.3	407.0	100.0	100.0
China	201.0	249.5	62.5	61.3
Thailand	24.8	46.5	7.7	11.4
Indonesia	2.3	45.9	0.7	11.3
Malaysia	4.8	30.3	1.5	7.4
Republic of Korea	66.4	13.1	20.7	3.2
Singapore	8.1	8.5	2.5	2.1
India	5.6	5.8	1.7	1.4
Japan	2.0	3.5	0.6	0.9

Source: Trade Map, ITC Geneva

(Table 4.7). India's exports of these products to Myanmar amounted to US\$ 5.8 mn in 2010, accounting for a marginal 1.4 percent of Myanmar's total imports.

Plastics and Articles (HS-39)

Myanmar's imports of plastics and articles increased from US\$ 225 mn in 2009 to US\$ 309 mn in 2010, with the major suppliers being Thailand, China, Singapore, Korea and Malaysia. India's exports of these items to Myanmar also increased from US\$ 4.7 mn in 2009 to US\$ 8.2 mn in 2010, with a share of 2.7 percent in Myanmar's total imports (Table 4.8).

Miscellaneous Edible Preparations (HS-21)

In 2010, Myanmar's imports of miscellaneous edible preparations amounted to US\$ 211 mn, while imports from India stood at US\$ 2.4 mn with a share of 1.1 percent in Myanmar's total imports. The major suppliers to Myanmar are Thailand, Singapore, China and Brazil (Table 4.9).

Salt, Sulphur, Lime and Cement (25)

Myanmar's import of these items rose from US\$ 114 mn in 2009 to US\$ 189 mn in 2010, with the major suppliers being Thailand and China (Table 4.10).

Table 4.8: Myanmar's Major Suppliers of Plastics and Articles (HS-39)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	225.1	308.5	100.0	100.0
Thailand	65.3	99.5	29.0	32.3
China	32.5	62.7	14.4	20.3
Singapore	35.0	43.4	15.5	14.1
Republic of Korea	32.4	42.1	14.4	13.7
Malaysia	21.8	26.6	9.7	8.6
Chinese Taipei	5.3	8.8	2.4	2.9
India	4.7	8.2	2.1	2.7

Source: Trade Map, ITC Geneva

Table 4.9: Myanmar's Major Suppliers of Misc. Edible Preparations (HS 21)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	154.7	211.2	100.0	100.0
Thailand	90.6	127.4	58.6	60.4
Singapore	37.5	36.7	24.3	17.4
China	12.4	22.2	8.0	10.5
Brazil	5.6	12.5	3.6	5.9
Australia	2.2	3.0	1.4	1.4
Malaysia	1.9	2.9	1.2	1.4
India	0.9	2.4	0.5	1.1

Source: Trade Map, ITC Geneva

Table 4.10: Myanmar's Major Suppliers of Salt, Stone, Lime & Cement (HS-25)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	113.47	188.79	100.0	100.0
Thailand	91.85	153.73	81.0	81.4
China	16.17	22.83	14.2	12.1
Malaysia	1.77	4.55	1.6	2.4
Pakistan	0.25	3.81	0.2	2.0
Singapore	0.99	1.86	0.9	1.0
India	1.82	1.10	1.6	0.6
Republic of Korea	0.21	0.49	0.2	0.3

Source: Trade Map, ITC Geneva

Cotton (HS-52)

Myanmar's imports of cotton amounted to US\$ 159 mn in 2010, with the major suppliers being China and Thailand (**Table 4.11**). India's exports of cotton to Myanmar increased from US\$ 4.2 mn in 2009 to US\$ 9.9 mn in 2010, with a share of 6.2 percent in Myanmar's total imports.

Table 4.11: Myanmar's Major Suppliers of Cotton (HS-52)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	123.6	159.3	100.0	100.0
China	67.6	91.3	54.7	57.3
Thailand	36.2	40.8	29.3	25.6
India	4.2	9.9	3.4	6.2
Hong Kong, China	5.7	6.2	4.6	3.9
Republic of Korea	4.2	4.4	3.4	2.8

Source: Trade Map, ITC Geneva

Rubber and Articles (HS-40)

Myanmar's imports of rubber amounted to US\$ 150 mn in 2010, with the main suppliers being China and Thailand. India's exports of these items to Myanmar amounted to US\$ 7.8 mn in 2010, accounting for 5.2 percent of Myanmar's total imports (**Table 4.12**).

Table 4.12: Myanmar's Major Suppliers of Rubber and Articles (HS-40)

	Value (US\$ mn)		% share in Myanmar's imports	
	2009	2010	2009	2010
Total	123.8	149.9	100.0	100.0
China	59.0	71.8	47.7	47.9
Thailand	37.6	46.2	30.4	30.8
Singapore	8.3	10.8	6.7	7.2
India	7.8	7.8	6.3	5.2
Indonesia	2.2	4.4	1.7	2.9

Source: Trade Map, ITC Geneva

5. OBSERVATIONS AND RECOMMENDATIONS

As observed in the preceding paragraphs, India's trade relations with Myanmar has witnessed a robust trend in recent years, with India's total trade with Myanmar having risen from US\$ 408 mn in 2001 to US\$ 1.06 billion in 2010, underlined by both rise in India's exports to and India's Imports from Myanmar. India generally maintains a trade deficit with Myanmar, which has increased from US\$ 293 mn in 2001 to US\$ 974 mn in 2009, and stood at US\$ 520 mn in 2010.

In the case of pharmaceuticals, meat and preparations, sugar and confectionery, articles of base metals, animal fodder, and tools and implements, India is a major source for Myanmar's imports, accounting for a significant share in Myanmar's global imports. However, in the case of other major exports to Myanmar, India's share in Myanmar's global imports is still marginal, which would serve to highlight the tremendous scope to enhance such exports from India.

To enhance bilateral trade relations with Myanmar, and at the same time to address the rising trade deficit with Myanmar, strategy to boost trade relations

with Myanmar would entail identification of potential items of India's exports (upto 6-digit commodity classification), which would be in line with Myanmar's imports demand and India's export capabilities, as has been undertaken in this study, as also identification of potential Indian exporters who could benefit from prevailing and future market opportunities in Myanmar.

Other measures to enhance bilateral trade relations with Myanmar could include:

- A national / state level industry association/ trade chamber could be identified which could undertake various trade promoting activities such as organising Business to Government (B2G) and Business-to-Business (B2B) delegation visits; organising fairs in Myanmar to showcase the competencies of Indian MSMEs and to capture market opportunities; and tie-ups with select industry associations/ chambers in Myanmar so as to understand the requirements of their members.
- A bank(s) could be identified to take the lead role in promoting and creating a trade enabling environment. As major import items of Myanmar and also India's major potential export items are manufactured and related products, which would call for LCs/guarantees and related facilities, such a bank

could undertake a detailed study about the ways and means adopted by other major trading partners of Myanmar, in the light of the US OFAC sanctions on Myanmar.

- Indian banks could consider opening of representative offices (ROs)/JVs/ branches in Myanmar. Currently, Myanmar allows only ROs to be set up in the country. Towards this end, United Bank of India (UBI) has received RBI's permission to open a representative office in Myanmar. Other Indian banks could also endeavour to follow UBI's footprints.
- Opening of direct road-rail-sea routes to Myanmar. As the infrastructure for border trade is yet to be developed, detailed feasibility studies on potential direct rail-road-sea-air linkages between India and Myanmar could be undertaken by relevant Ministries, while specific ports/airports could be earmarked to handle and facilitate Indo-Myanmar trade.
- Indian companies could also consider establishing JVs/ WOSs in Myanmar.
- Government of India is considering a US\$ 500 mn LOC to Myanmar, implementation of which would serve to increase exports from India and enhance economic cooperation between the two countries

ANNEXURE 1

POTENTIAL ITEMS OF INDIA'S EXPORTS TO MYANMAR, AS PER 6-DIGIT HS COMMODITY CLASSIFICATION⁵

1. Machinery and boilers (HS-84)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
842952	Shovels and excavators with a 360 revolving superstructure	216.2	159.0
840890	Engines, diesel nes	72.3	456.6
840999	Parts for diesel and semi-diesel engines	69.2	32.1
841090	Parts of hydraulic turbines & water wheels including regulators	23.7	241.4
842911	Bulldozers and angledozers, crawler type	21.4	178.0
841480	Air or gas compressors, hoods	20.1	153.9
843143	Parts of boring or sinking machinery	18.0	29.1
841710	Furnaces & ovens non-electric for the roasting/ melting/heat-treatment of ores, pyrites, metals	17.5	26.2
842951	Front end shovel loaders	16.0	111.8
847130	Portable digital computers	15.3	334.4
846291	Hydraulic presses for working metal	14.2	37.8
842959	Self-propelled excavating machinery nes	14.0	20.7
841370	Centrifugal pumps nes	12.9	11.4
848180	Taps, cocks, valves and similar appliances	12.8	47.1
843139	Parts of lifting, handling, loading or unloading machinery nes	11.1	140.1
847480	Machines for agglomerating mineral fuels, machines for foundry moulds of sand etc nes	10.7	165.6
847330	Parts & accessories of automatic data processing machines & units thereof	10.1	28.7

2. Mineral Fuels and Oils (HS-27)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
271019	Light petroleum distillates nes	815.7	21029.6
271011	Aviation spirit	142.5	15071.7
271220	Paraffin wax containing by weight less than 0.75% of oil	58.4	15.2
271320	Petroleum bitumen	45.0	14.6

⁵Computed from ITC Trade Map Database

3. Vehicles other than railway (HS-87)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
871120	Motorcycles with reciprocating piston engine displacing > 50 cc to 250 cc	238.6	697.8
870423	Diesel powered trucks with a GVW exceeding twenty tonnes	60.7	1214.5
870899	Motor vehicle parts nes	51.1	310.3
870410	Dump trucks designed for off-highway use	47.7	89.0
870333	Automobiles with diesel engine displacing more than 2500 cc	26.1	110.0
870422	Diesel powered trucks with a GVW exceeding five tonnes but not exceeding twenty tonnes	24.1	292.5
870323	Automobiles with reciprocating piston engine displacing > 1500 cc to 3000 cc	23.1	275.2
870421	Diesel powered trucks with a GVW not exceeding five tonnes	21.6	99.5
871419	Motorcycle parts nes	16.1	148.7
870840	Transmissions for motor vehicles	10.5	41.0
871110	Motorcycles with reciprocating piston engine displacing 50 cc or less	9.6	33.9
870790	Bodies for tractors, buses, trucks and special purpose vehicles	9.4	58.0
870870	Wheels including parts and accessories for motor vehicles	9.2	37.9

4. Electrical and Electronic Equipment (HS-85)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
850710	Lead-acid electric accumulators of a kind used for starting piston engines	35.1	42.4
851712	Telephones for cellular networks mobile telephones	28.1	1481.9
852872	Reception apparatus for television, colour	26.9	37.8
851762	Machines for the reception, conversion and transmission	26.7	39.5
850300	Parts of electric motors, generators, generating sets & rotary converters	24.7	309.3
850212	Generating sets, diesel/semi-diesel exceeding 75 KVA but not exceeding 375 KVA	22.4	13.6
852340	Optical media for the recording of sound or of other phenomena	22.2	138.8
850423	Liquid dielectric transformers having a power handling capacity exceeding 10,000 KVA	18.8	182.9
854449	Electric conductors, for a voltage not exceeding 80 V, nes	18.7	42.0
853720	Boards, panels, incl. numerical control panels, for a voltage > 1,000 V	18.5	67.9
853710	Boards, panels, incl. numerical control panels, for a voltage <=1000 V	17.4	101.9
850440	Static converters, nes	15.5	354.3
852990	Parts suitable for telephones & reception apparatus	13.7	77.3
851490	Parts of industrial/ laboratory electric furnaces & ovens	13.5	17.7

5. Iron and Steel (HS-72)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
721420	Bars & rods, containing indentations, ribs, grooves	100.6	35.4
722830	Bars & rods, alloy steel, other than stainless	53.1	174.3
721049	Flat rolled products, plated or coated with zinc	39.8	662.5
721070	Flat rolled products, painted, varnished or plastic coated	33.4	28.5
720711	Semi-finished products, rectangular/square cross-section	20.7	287.4
721720	Wire of iron or non-alloy steel, zinc plated/coated	18.0	16.7
721041	Flat rolled products, plated or coated with zinc, corrugated	17.2	231.8
720918	Cold rolled iron/steel, coils	13.6	23.4
722530	Flat rolled products, other than stainless, in coils	9.2	47.7
720851	Hot roll iron/steel, not coil	8.2	50.1
720712	Semi-finished products, iron/non-alloy steel, rectangular/square cross section	8.2	88.1

6. Articles of Iron and Steel (HS-73)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
730890	Structures & parts of structures	81.0	233.3
730511	Pipes, longitudinally submerged arc welded	58.5	2258.5
732690	Articles, iron or steel, nes	19.6	273.9
731700	Nails, staples & similar articles, with copper heads	18.1	47.2
730210	Rails, iron or steel	13.2	72.6
730820	Towers and lattice masts, iron or steel	12.7	144.1
730630	Tubes, pipes & hollow profiles, iron welded, of circular cross section, nes	12.1	111.6
731815	Bolts or screws, with or without their nuts or washers, iron or steel	9.8	67.4
730840	Props & similar equipment for scaffolding, shuttering/pit-propping	8.8	56.6
731210	Stranded wires, ropes & cables of iron or steel, not electrically insulated	8.2	23.9

7. Plastics and Articles (HS-39)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
390210	Polypropylene	53.8	800.0
390120	Polyethylene having a specific gravity of 0.94 or more	20.0	77.5
392190	Film and sheet etc, nes of plastics	18.5	192.8
392690	Articles of plastics or of other materials	14.1	282.7
390110	Polyethylene having a specific gravity of less than 0.94	10.4	23.2
391739	Tubes, pipes and hoses nes, plastic	9.2	14.7
390760	Polyethylene terephthalate	8.5	458.4
392321	Sacks and bags (including cones) of polymers of ethylene	7.9	32.4
392020	Film and sheet etc, non-cellular etc, of polymers of propylene	7.3	146.6
392330	Carboys, bottles, flasks and similar articles of plastics	7.1	10.1

8. Miscellaneous Edible Preparations (HS-21)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
210690	Food preparations	88.9	78.9
210111	Coffee extracts, essences, concentrates	41.4	165.7
210390	Sauces and preparations, and mixed condiments & mixed seasonings	24.0	9.3
210420	Homogenised composite food preparations put up for retail sale	5.4	25.2

9. Salt, Sulphur, Lime and Cement (HS-25)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
252329	Portland cement nes	174.0	88.7
252310	Cement clinkers	2.9	45.6
251512	Marble & travertine, merely cut, by sawing or otherwise into blocks etc	2.6	31.5
250100	Salt (incl. table salt & denaturd salt) pure sodium chloride & sea water	2.2	54.2

10. Cotton (HS-52)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
520852	Plain weave cotton fabric, printed	25.6	128.3
520842	Plain weave cotton fabrics, dyed	15.4	34.3
520548	Cotton yarn, multiple combed	13.3	60.8
520514	Cotton yarn, single, uncombed	10.6	19.8
520832	Plain weave cotton fabric, dyed	9.8	30.1
520932	Twill weave cotton fabrics, dyed	6.3	11.0
520839	Woven fabrics of cotton, dyed	5.7	152.0
520942	Denim fabrics of cotton, more than 200 g/m2	4.0	33.3

11. Rubber and Articles (HS-40)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
401120	Pneumatic tyres, new of rubber for buses or lorries	72.5	431.3
401110	Pneumatic tyres, new of rubber f motor cars incl. station wagons	12.3	94.9
401390	Inner tubes of rubber nes	11.2	12.7
401140	Pneumatic tyres, new of rubber for motorcycles	6.9	15.5
401150	Pneumatic tyres, new of rubber for bicycles	5.4	42.6
401693	Gaskets, washers and other seals of vulcanised rubber	5.1	44.8
401310	Inner tubes of rubber for motor cars etc buses or lorries	4.5	31.4
401199	Pneumatic tires new of rubber nes	4.1	340.7

12. Organic Chemicals (HS-29)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
292242	Glutamic acid and its salts	81.0	9.3
292990	Compounds with other nitrogen function, nes	3.6	6.4
293690	Vitamin concentrates; intermixtures of vitamins	3.4	2.7
292241	Lysine and its esters; salts thereof	2.0	2.2
291814	Citric acid	1.7	7.0

13. Cereals, Flour, Starch & Milk Preparations (HS-19)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
190190	Malt extracts & food preparations, < 10% cocoa	69.1	47.7
190510	Crispbread	12.2	73.1
190230	Pastaries	9.1	22.1
190590	Communion wafers, empty cachets for pharma uses	8.7	3.0
190110	Prep of cereals, flour, starch/milk for infant use	6.7	2.5
190532	Waffles and wafers	2.6	58.0
190531	Sweet biscuits	2.2	14.6
190410	Prep foods obtained by the swelling or roasting of cereal or cereal products	2.2	13.4

14. Optical and Medical Apparatus, etc (HS-90)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
903180	Measuring or checking instruments, appliances and machines	18.6	40.6
900190	Prisms, mirrors & other optical elements, unmounted	10.5	13.7
901831	Syringes, with or without needles	7.6	122.3
901890	Instruments & appliances used in medical or veterinary sciences,	7.5	14.9
901580	Surveying, hydrographic, meteorological/geophysical instruments	5.9	10.3
902780	Instruments and apparatus for physical or chemical analysis	2.9	137.9
901839	Needles, catheters, cannulae and the like	2.8	83.7

15. Manmade Filaments (HS-54)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
540761	Woven fabric >85% non-textured polyester filaments	34.8	79.9
540752	Woven fabrics, >=85% of textured polyester filaments, dyed	15.6	156.7
540742	Woven fabrics, >=85% of nylon/other polyamides filaments, dyed	10.5	17.4
540782	Woven fabrics of synthetic filaments, <85% mixed with cotton, dyed	5.5	16.5
540769	Woven fabric >85% polyester filaments, nes	4.8	49.0
540772	Woven fabrics, >=85% of synthetic filaments, dyed	3.0	14.0
540793	Woven fabrics of synthetic filaments, yarn dyed	2.8	20.9
540792	Woven fabrics of synthetic filaments, dyed	2.6	85.9

16. Paper and Paperboard (HS-48)

Product code (HS)	Product label	Myanmar's Global Imports, 2010 (US\$ mn)	India's Global Exports, 2010 (US\$ mn)
481920	Cartons, boxes and cases, folding, of non-corrugated paper or paperboard	13.0	25.3
480100	Newsprint, in rolls or sheets	9.8	7.0
482110	Paper and paperboard used for writing, printing	6.3	12.4
481019	Paper labels of all kinds, printed	6.3	61.9
480257	Uncoated paper & paperboard, for writing, printing	4.2	63.2
480261	Paper, filter, in rolls or sheets, uncoated	3.3	42.5
481910	Sanitary paper articles incl. sanitary towels/ napkins	2.0	22.2