

## Event Report

*(Prepared by Myanmar Marketing Research & Development (MMRD))*

### **Final Event (Myanmar) for Bangladesh, Bhutan, India, Nepal and Myanmar (BBIN+M) Connectivity**

Grand Ballroom (1), Hotel Max, Nay Pyi Taw, Myanmar on 7<sup>th</sup> March, 2018



*(Participants at the Final Event (Myanmar) for Bangladesh, Bhutan, India, Nepal and Myanmar (BBIN+M) Connectivity)*



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## Executive Summary

Myanmar Marketing Research and Development (MMRD) in partnership with Consumer Unity Trust Society (CUTS) International organized the final event (Myanmar) in the Grand Ballroom (1) of Hotel Max, Nay Pyi Taw on March 7, 2018. The event was the final phase in Myanmar of the project named “Creating an Enabling and Inclusive Policy and Political Economy Discourse for Trade, Transport and Transit Facilitation in and among Bangladesh, Bhutan, India, Nepal and Myanmar (BBIN+M)”. MMRD has been conducting the study in the important nodes, borders and trade hubs in Myanmar and identified a series of meetings with government officials, trade associations, transport operators and other related stakeholders of the project in Nay Pyi Taw and other locations.

The half-day event was participated by over 30 attendees: Ambassador of the India Embassy to Myanmar, senior officials from 9 government ministries, chairmen of state/regional business chambers, central executive committee members of UMFCCI and MIFFA, subject experts from UK’s Department of International Development (DFID), media, officials from MMRD and CUTS.

The event was opened by the opening speeches from Mr. Maung Maung Tint, Director General of Planning Department of the Ministry of Planning and Finance, and the H. E. Mr. Vikram Misri, Ambassador of the India Embassy to Myanmar. The event was followed by the presentations of MMRD’s findings on the study from Mr. Aung Min, Research Director and Mr. Swan Pyae Oo, Project Manager. Later, Mr. Prithviraj Nath, Associate Director of CUTS presented the key findings in BBIN. It is then continued to the discussion section led by the chairmen and central executive committee members of state/regional business chambers, UMFCCI and MIFFA. The discussants highlighted the current conditions, bottlenecks and proposed solutions for trade, transport and transit facilitation among BBIN+M. The India Ambassador, Associate Director of CUTS and Research Director of MMRD commented on the discussion and questions by the discussants. The event was successfully concluded by a formal group photography and a lunch reception for the attendees.

The event was successful in identifying:

- **The areas which require the development of hard and soft infrastructures for connectivity between Myanmar and BBIN countries.** For the development of hard infrastructure, the event highlighted the need to improve the road infrastructure along the India – Myanmar and Bangladesh – Myanmar corridors, the need to develop dry ports and logistics hubs and cargo storage, and cargo handling facilities at the border. For the soft infrastructure the event addressed the trade facilitation agreement, border infrastructures, land border crossing agreement and Motor Vehicle Agreement that can enable both the passengers and cargo traffic to move back and forth between countries.
- **The overarching issues that impede the trade and connectivity between the regional countries.** For example, the security issue in the border between Myanmar and India. The security condition has been improved by coordination under dialogue

events and taking actions by the security forces. However, the transactions in the border is still not completely immune from security threats which still hinder cross-border movement of goods and passengers. Moreover, the event indicated the need to streamline between countries in regard to trade data as there are some inconsistencies at present.

- **The potential impacts on the local people by the cross-border transit agreement.** If the agreement is signed the people from both sides of the countries will be potentially allowed to pass the border with border passes. The people living in the areas far from border are likely to have visa through online system. Moreover, there is some apprehension of the stakeholders such as the concern of losing jobs and causing shift in the current livelihoods, which is imperative to be addressed in the process of signing cross-border transit agreement.
- **The development projects which have potential in the future to promote connectivity between Myanmar and the neighboring countries.** For example, Kaladan Multi-Modal Transit Transport project has the potential to become an alternative corridor between Myanmar and India if completed, India-Myanmar-Thailand Trilateral Highway which is under the development, Kayin Chaung Economic Zone near Maungdaw in Rakhine State which can enhance the trade between Myanmar and Bangladesh.
- **Myanmar's current priorities and policy for cross-border transport agreement.** Myanmar is currently implementing the cross-border transport agreement with Thailand. The government has the plan for Greater Mekong Subregion (GMS) or ASEAN framework. Myanmar shall make a framework for BBIN + Myanmar since there is still no framework agreement for between BBIN and Myanmar. The framework agreement is necessary before the stage of bilateral agreement.
- **The needs to strengthen bilateral relationship between Myanmar and Bangladesh in terms of trade and connectivity.** Compared to India – Myanmar, Bangladesh – Myanmar relationship has to be reinforced. India government usually invites Myanmar government to participate trade promotions or trade fairs via which Myanmar shares information through the organization like UMFCCI. However, Myanmar received a few invitations to these fairs by Bangladesh.
- **The need to pour more development initiatives in Rakhine State.** There are very few trade promotion events in Rakhine State compared with other border trade areas. Therefore, the members of the Union of Myanmar Federation of Chambers of Commerce & Industry (UMFCCI) and government officials need to focus on trade promotion activities in Rakhine State in near future.

## Introduction

Myanmar Marketing Research and Development (MMRD) in partnership with Consumer Unity Trust Society (CUTS) International organized the final event in the Grand Ballroom (1) of Hotel Max, Nay Pyi Taw on March 7, 2018. The event was the final phase in Myanmar of the project named “Creating an Enabling and Inclusive Policy and Political Economy Discourse for Trade, Transport and Transit Facilitation in and among Bangladesh, Bhutan, India, Nepal and Myanmar (BBIN+M)”. MMRD has been conducting the study in the important nodes, borders and trade hubs in Myanmar and identified a series of meetings with government officials, trade associations, transport operators and other related stakeholders of the project in Nay Pyi Taw and other locations.

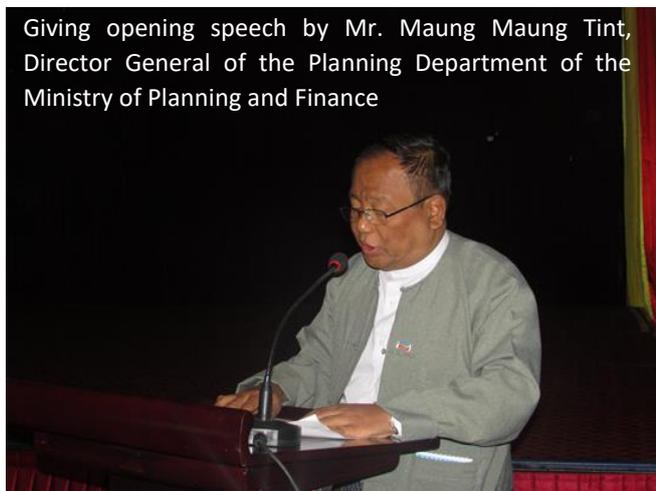
The objectives of the event were:

- To identify the hurdles in trade, transport and transit between Myanmar and BBIN countries, especially India and Bangladesh.
- To address hard and soft infrastructure developments where are required to be focused for the connectivity between Myanmar and BBIN countries.
- To highlight the potential impacts on the local people in terms of their livelihoods concerns and expected gains if the cross-border agreement takes place.
- To pinpoint the development projects which have potential to strengthen connectivity.
- To propose possible solutions to streamline the connectivity between BBIN + M.
- To understand the current prioritizations and policy of Myanmar in terms of cross-border transport agreement.

The half-day event was participated by over 30 attendees: Ambassador of the India Embassy to Myanmar, policy makers from 9 government ministries, chairmen of state/regional business chambers, central executive committee members of UMFCCI and MIFFA, subject experts from UK’s Department of International Development (DFID), media, officials from MMRD and CUTS.

## Opening Speech by Mr. Maung Maung Tint (Director General, Planning Department of the Ministry of Planning and Finance)

In the opening speech, Mr. Maung Maung Tint, Director General, Planning Department of the Ministry of Planning and Finance acknowledged the one year work of MMRD and CUTS for the regional connectivity understand that CUTS from India and MMRD have been working together for nearly a year for this project. He said the population in BBIN+M Region is estimated to be 1555.8 million and it accounts for 21.18% of world population. He



Giving opening speech by Mr. Maung Maung Tint, Director General of the Planning Department of the Ministry of Planning and Finance

He informed that the five countries' area occupies 3.03% of world's area, with 3,937,000 square kilometers and represents \$2,376 billion, which makes up 3.21% of world's GDP. Export volume, import volume and FDI inflow of these 5 countries were equivalent to 1.86%, 2.71% and 2.79% of world total. **He outlined that Myanmar has already been a member of BIMSTEC and ASEAN, and BBIN+M connectivity project is linking South Asia and South East Asia, which could also contribute to the development of neighboring countries of East side of India as well as those of West and North sides of Myanmar.** He mentioned that BBIN+M project's road network have linkage with GMS corridors and therefore, regional connectivity is a very important subject which requires so much attention from the governments, private sector associations and academia.

He believed that connectivity also plays a critical role to bring development, prosperity and friendship in the region. **However, he stressed the trading across border between countries with different population density is likely to be occurred challenges and difficulties in terms of political stability and the existence of rule of law;** the population of Bangladesh is 1237 per 1 sqkm (World Rank – 10), India with 441 per 1sqkm (World Rank – 23), Nepal with 199 per 1sqkm (World Rank – 62), Myanmar with 83 per 1sqkm (World rank – 114) and Bhutan with 1237 per 1 sqkm (World rank – 179) respectively. He expressed that the current project done by CUTS and MMRD will fill the gaps in the connectivity to some degree, solve the problem and will bring the regional countries closer to each other. By this project, he expected to understand the bottlenecks and hurdles and relevant solutions, potentiality to link with BBIN countries to Myanmar, how the project will create gains for the people across the region and take into account all levels of stakeholders to highlight the need, long term benefits and positive impacts of holistic cross-border connectivity initiatives on local economic parameters. He concluded the speech by saying to have more regional events like the current event in the future.

## Opening Remark by Mr. Vikram Misiri (India Ambassador to Myanmar)

In the opening remark, Mr. Vikram Misiri, India Ambassador to Myanmar, addressed that there are new policies that are being introduced by the new government and there are changes taking place on both sides (Myanmar and India) of the border. He highlighted that is the right time for the study to explore the advantages and potentials for Myanmar and India as the two neighboring countries. Problems and obstacles regards to connectivity between India and



Myanmar have been subject for discussion for more than twenty years now. **The obstacles cited very often are the difficulties of terrain in the area that connect the regional countries, the lack of commercial interest on the border businesses and people in the area, the need for very large financial resources to be made available in order to develop the necessary infrastructure, and from bank to bank difficult and adverse security situation in the region to reach these connectivity corridor parts.**

The Ambassador said the availability of new technology and new engineering techniques is making the difficulty of the terrain less of the burden than it was in the past. **So far, there is a great deal of commercial interests in both sides of the border to increase the interaction between businesses and commercial activities in the two countries.** Just the last two months or three months, there had been 3 or 4 dedicated events taken place in Mandalay; a big number of people and businesses from both sides had participated and shared the opinions on what should be done in order to identify the direction between Myanmar and India.

He mentioned India is ready to take in place a significant demand of development system and development finance in order to bring up the infrastructure which is necessary to strengthen the two countries' relationship. The development assistance portfolio of India and Myanmar is worth \$1.75 billion and only about \$750 million is on the basis of very concession rate. But, the government of India has already made its intention norm; that is to put on the table the larger amount of concession finance and government assistance in order to take forward this process. India has been engaging on this a lot with the Ministry of Planning and Finance that a number of offers from the Government of India are already on the table in terms of making more financial assistances available for building the corridor. **With regards to security issue, the security situation along the border is much better than compared to the past times.** The cooperation between the security agencies and government organizations from both sides has contributed to a reduction in tension from time to time without any incidents. So, the intensity and the frequency of incidents are much lower compared to last 5 years. The obstacles that cited in the past are not problems anymore.

The Ambassador believed that the study will point for that the infrastructure development in the connectivity corridor that India involves currently in Myanmar. **For example, in Kaladan Multimodal Transit Transport Project, the 1<sup>st</sup> phase is already completed; Sittwe port is ready for operation. The jetty in Paletwa is ready for operation.** The waterway has been dredged and navigation has been putting place. The project is now the final stage that is building the road from Paletwa to Zorinpui. We hope with the cooperation and the assistance of government and authority of Myanmar, the project will be completed in 2020 as schedule. At the same time, **India – Myanmar – Thailand Trilateral Highway is underway; mobilization is already started for 69 bridges that will be built on Tamu – Kalaywa – Kyigone sector.** So far, the contract was already awarded for Kalaywa-Yargyi road which is 120 km long and implementation is now started.

The Ambassador stressed that **it is not sufficient to only base the hard infrastructure of transport corridors like roads, bridges, ports, etc. It is also important to supplement the hard infrastructures with the soft infrastructures like trade facilitation agreement, border infrastructures, land border crossing agreement and motor vehicle agreement that can enable both the passengers and cargo traffic to move back and forth.** Without these, the infrastructure will be of no use. India and Myanmar are very close to signing land border crossing agreement which will allow people to move on the basis of valid passports and visas, encouraging economic and social interaction between the two countries. This will give enormous advantages to businesses, tourism, accessing services like health and education. The amount of economic opportunities and livelihood potentials will be enormous if the current transport corridors can be transformed into real development corridors. Moreover, the Motor Vehicle Agreement will allow people to move back and forth in commercial transport. Myanmar has been involved in negotiating a Motor Vehicle Agreement with Thailand under the Greater Mekong Sub Region Cross Border Transport Arrangement. Now, those negotiations are near the conclusion. It is exactly the right time for India and Myanmar to move towards a Motor Vehicle Agreement that will add more value to all infrastructures that have along the border.

## Presentation on the Background of the Project and Methodology of the Study by Mr. Aung Min (Research Director, MMRD)

In the presentation, Mr. Aung Min, Research Director of MMRD started by introducing about MMRD. MMRD is the first and largest market research agency in Myanmar with over 700 staffs and started in 1993. MMRD is one of the top 500 tax payers in Myanmar. MMRD provides not only market research services but also trading and publication services.



In regard to the study, he mentioned that the connectivity is the combination of hard infrastructure and soft infrastructure. It is very important to focus on the people to help them to streamline transactions with lower cost. **The project objectives are to identify the corridor-specific impediments to explore difficulties and issues, to contribute towards effective implementation including soft infrastructure, to identify the technical and capacity building needs for stakeholders to achieve effective implementation of transit protocols and to organize advocacy dialogues and capacity building exercises for higher political buy-in for smooth implementation of BBIN +M connectivity.**

BBIN countries signed the framework agreement for MVA which allows vehicle to enter one country to another without any transshipment. The accessibility to electronic tracking devices and online licenses are benefits of MVA. MMRD's study focus on the India – Myanmar corridor and Bangladesh – Myanmar corridor. In India - Myanmar Corridor, the route stretches from Tamu and down to Myawaddy and to Tanintharyi Region. In Bangladesh – Myanmar Corridor, the route stretches from Maungdaw and Sittway in Rakhine State and to Yangon. Regarding project timeline, CUTCs officials came for project launch meeting in Yangon.

From April to July 2017, MMRD conducted literature review, questionnaire preparation and pilot survey. There was also a first meeting with CUTCs officials and Myanmar government officials in Nay Pyi Taw. Field survey along selected corridors were conducted July in August of 2017 and data collection, analysis and preparation of research reports were conducted during Sep – Oct 2017. The second meeting with government officials was held in Nay Pyi Taw in Nov 2017. From November to December, the study report for the corridors for Myanmar was prepared. The study was followed by the meeting with government officials in Nay Pyi Taw for their suggestions on report and the revision on the report was done. The current stage is now final event (Myanmar) and there will be Regional Policy Dialogue in New Delhi, India.

As the expected outcomes of the project will project the bottlenecks and possible solutions especially on existing hard infrastructures, priority projects and corridors, domestic and regional policies, regulations, proposed protocols and processes (soft infrastructures), stakeholder concerns and costs and to create an enabling and inclusive policy discourse.

For the study's methodology, the research was done by literature reviews, key informant interviews, one – to – one interviews by questionnaires and focus group discussions. The study focused the road corridors and considered the main export and import products on each corridor. The study covered 11 cities in Myanmar – India corridor and 5 cities in Myanmar – Bangladesh corridor. The interviews were conducted with all related stakeholders of the project including transport operators, traders, exporters, importers, custom officials and government officials. According to the findings in Myanmar – India corridor, the main export item is Areca Nut and import item is pulses (mainly garden pea). In Myanmar – Bangladesh corridor, the main export items are fishery products and the main import item is ready-made garment (t-shirts).

### **Presentation on the Summary Findings of the Study by Mr. Swan Pyae Oo (Project Manager, MMRD)**

Mr. Swan Pyae Oo, Project Manager from MMRD started the presentation with the MMRD's participation in the regional events in Bangladesh and India, and the field visits by CUTS to Myanmar. Later, the key findings of the study were presented by breaking down into the findings in India – Myanmar corridor and Bangladesh – Myanmar corridors.



For India – Myanmar corridor study, he presented **the issues of border instability and frequent border shutdown, limited bilateral coordination, the need to upgrade border custom clearance system, lack of border control and crossing facilities and the lack of the framework agreement for trade, transport and transit facilitation between BBIN and Myanmar in the border between India and Myanmar**. Later, in the parameter of trade facilitation, he highlighted the issues of the need to use formal bank-to-bank payment system, limited responsiveness by the border administrative departments to the needs of the traders and the difficulties in paying import duty by the traders. The issues of limited awareness of MVA, local people's concerns of losing jobs if transit trade is implemented and capacity and resource gaps were also presented. For agricultural issues, he outlined the limited sale channels and lack of agricultural training programs for the areca nuts farmers in Thanintharyi Region. Several gaps in the infrastructural development including lack of sophisticated warehouses, mechanical handling equipment and plant quarantine facilities in Myanmar's Tamu were also cited during the presentation. Especially, the need to upgrade Yagyi – Kalewa road section of 120km between Monywa and Tamu and 69 bridges between Kale and Tamu was stressed for better connectivity between Myanmar and India.

The presentation of the bottlenecks and conditions of the connectivity along the corridor was followed by recommendations. For border-specific recommendations, he addressed the need

to support integral relationships at the border, ensure border stability and security, to install computerized custom clearance system and to implement custom bonding system for transit facilitation between Myanmar and India. Later, he stressed to encourage formal payment system, increase responsiveness to trade associations and ensure clarity and transparency in taxation system to promote trade between India and Myanmar. The need to promote awareness of MVA and ensure sustainability of current livelihoods for local people were also imperative to streamline the transport and transit facilitation. For agriculture, he flagged linking farmers to the exporters, administrating agricultural training to the farmers and the potential agricultural products, pulses and rubber, which can be exported from Myanmar to India. At the border in Tamu, the development of cold storage, advanced warehouse management system and quarantine services were highlighted. For infrastructure, the renovation of Yagyi – Kalewa road section and 69 narrow bridges between Kale and Tamu were recommended. As alternative corridor, he pinpointed the Rih – Tiddim road to Rih border for connectivity with India. Finally, for India – Myanmar corridor, he recommended that Kaladan Multi-Model Transit Transport project has the potential to become an alternative corridor between Myanmar and India.

For Bangladesh – Myanmar corridor, **the conflict near the border in Myanmar’s Maungdaw in Rakhine State, lack of border custom clearance system, limited bilateral relationship, lack of border control and crossing facilities and the framework agreement for trade, transport and transit between BBIN and Myanmar were addressed.** Next, traders’ dependent on informal payment system and Myanmar’s large trade surplus in the border with Bangladesh were presented as the issues for trade. Moreover, the limited awareness, local’s objections against the trade with Bangladesh and capacity and resource gaps in the local stakeholders were stressed. In regard to Myanmar’s main export item to Bangladesh via border, fishery products, there are difficulties in accessing financial credits by the fishers in Ayeyarwaddy Region. He also stressed the depletion of fishery resources annually in the country. For infrastructure, MVA will not be feasible by road connectivity between Myanmar and Bangladesh due to the separation by river and sea between the two countries’ border. The need to upgrade jetties and to implement advanced cold storage in Sittwe were also addressed.

As for recommendations, he stressed the need to enforce rule of law for conflict resolution in Rakhine State, emphasize government – to – government linkages, to install computerized custom clearance system and custom bonding system and to encourage traders to use formal payment system at the two countries’ border. The development of Kanyin Chaung Economic Zone near Maungdaw was highlighted as the potential area for public-private partnership. Also, promotion of awareness on the potential benefits of MVA among the local people in Rakhine State and addressing capacity building needs for MVA were recommended. Promotion of fish farming in Rakhine State and providing access to financial credits for fishers in Ayeyarwaddy Region were also suggested. Rice is cited as the potential export item from Myanmar to Bangladesh. For infrastructure, the development of cold storage in border trade posts, renovation and expansion of the Shwe Min Gan Jetty and Ye Chan Pyin ferry post were recommended. Finally, the need to strengthen road infrastructure between Sittwe and Ann road section of 200 miles and encourage private sector investment in Rakhine State to fill infrastructural gaps were proposed during the presentation.

## Presentation of the Research Findings by Mr. Prithviraj Nath (Associate Director, CUTS)

Mr. Prithviraj Nath, Associate Director from CUTS presented about policy, infrastructures and recommendations for the other countries, Bangladesh, Bhutan, India and Nepal (BBIN), and the ways to improve connectivity through these countries. The total of 10 main corridors were studied for this project. The MVA agreement and passenger movement protocol has already signed between BBIN and the agreement will be implemented as soon as possible which



can be between June and September. What it is being tried to understand is that if MVA is implemented, which tools should be used and what are the situations on ground. The people at the ground level do not have awareness to MVA. **The objective of this work is to be able to understand how connectivity could help the people from the related countries and the benefits gaining from this agreement.**

Mr. Prithviraj said there are both positive and negative perceptions in the stakeholders. Through this study the impact of BBIN MVA on the income levels was assessed. The respondents from India – Nepal Road and India Bhutan Road responded that their income could increase because more India trucks can operate in if there is MVA agreement. Regarding positive impact of BBIN MVA, aggregators who collect goods from producers, put it together and send to exporters perceived that there will be more trade and access to other markets. On the other hand, as of negative impact of BBIN MVA, aggregators have security issues and perceived that corruption can increase. When it comes to custom officials, as for positive impact, they response that there will be more trade, better inter regional relation, help the process faster and systematic, lead to infrastructural development both hard and soft, increase in employment opportunities and decrease in congestion of vehicles at the checkpoints. However, custom officials think that BBIN MVA can have some drawbacks like illegal immigration, increase in smuggling and trafficking, security concerns due to less inspection, livelihood concerns at local levels, threat to environment and increase in workload. In terms of exporter and importer perception, regarding positive impacts, they showed the same perspectives like aggregators by perceiving more trade, access to other markets, faster process and better competition. As for negative impacts, they point out more rush at check points, increase in corruption and security issues. When it comes to freight forwarders, majority of them see increase in trade following BBIN MVA. **Due to heterogeneity among the stakeholders, the impact on livelihood varies among and even within stakeholder categories; farmers, aggregators, importers – exporters and truckers.** Indian truckers are more favourably disposed towards the BBIN + MVA as it would open new markets for them and make transportation faster and cheaper. Labourers and support service providers are apprehensive about loss of livelihood. Truckers

from other countries are not also not sure. The perception about possible impact varies for the same categories of stakeholders in different countries due to difference in policies and practices.

By this project women participation was also considered. Except Bhutan, women participation is generally low across the various stakeholders in almost all the countries because of lack of basic sanitary facilities, security and other supporting infrastructure. The social structure and family obligations also deter women's participation. **When looking at the women participation in workforce, job type is a major determinant of women participation. Women are mostly involved in support services such as cooking, cleaning, etc.** They are also involved in sales and administrative work at the shops located along the corridors especially those having good tourist movements. **With respect to entrepreneurship, women are mostly engaged in small local businesses like restaurants and tea shops.** Presence of female entrepreneurs are quite prominent in Tamu in Myanmar. Since BBIN-MVA expected to increase import of raw cotton and cotton yarn from India to Bangladesh's textile industry where a large number of women work, production could be increase and can generate further employment opportunities for women.

There is variation in terms of time taken and cost incurred across various crossing points. This is mainly attributed to political and social factors and infrastructural factors. Regarding political challenges, corruption and rent seeking attitude of ground level staff/officials across countries, security issues leading to cargo theft, law and order problems around the LCS and ICDs, insurgency issues in certain stretches of the corridors and local political influence and pressure groups are common cited ones. Regarding infrastructure challenges, there are two main types. The first one is challenge at the border like poor condition of approach roads to various LCS, lack of large storage facilities such as warehouses and cold storages for agricultural and fishery products, lack of scanners at a number of LCS leading to manual inspection and corruption, EDI system which is either not installed or does not work properly in some LCS and poor access to electricity and internet connectivity and the other one, challenges off the border, like poor condition of state roads along major corridors and lack of hotel and restroom facilities at certain stretches.

He stressed that **unless the local implications along the corridor are not taken care of, no matter how better agreements are signed, there would not be any better trade connectivity.** In terms of soft infrastructure, the main issues the survey were absence of efficient transit mechanism along the border hindering intra-regional integration and trade, lack of integration in regulatory formalities among operating agencies at the border points, customs procedures, trade documentations cumbersome due to rules and regulations, variations in product entries across the various border points, lack of coordination between different ministries and departments and lack of policy coordination among the member countries. In order to get smoother implementation of initiatives like the BBIN MVA, the awareness of MVA among the key stakeholders has to be raised, create employment opportunities for certain stakeholders who are at a risk of losing their livelihoods due to the MVA, tighten law and order along the corridors so as to mitigate the risks of theft and corruption, develop interdisciplinary coordination among the different government departments involved in regulating cargo

movements and harmonization of systems and processes related to movement of cargo across the member countries and political will to successfully implement the MVA.

## Discussion and Suggestion on BBIN + Myanmar Connectivity

**Mr. Tin Aung Oo, Chairman of Rakhine State Chamber of Commerce and Industry** discussed the condition of current connectivity between Myanmar and Bangladesh. He said that there are two border gates, Sittwe and Maungdaw for connectivity between Bangladesh and Myanmar. However there is only one border gate that has been opened by Bangladesh side which is Taknaf. He addressed that



if the smooth transactions can be done by Sittwe and Maungdaw it would be very beneficial for the local people. From Sittwe to Maungdaw, there is no direct road transportation as there is a river in between. Thus, trucks have to be ferried by barges which hinders transportation in rainy season. Now, it has been implemented by Asia World Co.,Ltd. So in the near future, there will be some infrastructure developments. Regarding fish and prawn businesses, the progress is still to be made. **Moreover there will be better opportunities for the people in Myanmar, India and Bangladesh, if Sittwe in Rakhine State can connect with India as well, in addition to the current connectivity with Bangladesh.**



Discussion by Mr. Thet Tun Lwin, Joint Secretary of Mandalay Region Chamber of Commerce and Industry

**Mr. Thet Tun Lwin, Joint Secretary of Mandalay Region Chamber of Commerce and Industry (MRCCI),** addressed the security issues between Myanmar and India border area. He said MRCCI recently organized a delegation trip with 35 members. 3 members of delegation plan to travel to India via Imphal – Moreh with the arrangement of India Counsellor. **However the plan was postponed for**

**security season.** He stressed to address the security issues between the two countries border and to upgrade infrastructure for better connectivity. **During the delegation trip to Gawahati, it took almost 1 month although Gawahati is very close to Myanmar. Despite having very good economic relationship between India and Myanmar, Myanmar have to go through Singapore shipping line for every trade which makes transportation time longer which takes 1 or 2 months for every trade transaction.** Regarding, BBIN countries, there are connectivity road being connected to these countries such as AH1 which connects Mumbai – Maesot, AH 2 Meikhtila – Thailand, AH 3 Kyaing Tong – China, AH 4 Mandalay – Muse which is the main trade road where 80% of Myanmar exported goods passed through. Myanmar shares land border with India and China. Regarding trade, **looking back to past 30 years,**

**there were a lot of Indian products in Myanmar market. However, India products are not seen so much in Myanmar market nowadays.** Moreover, majority of Myanmar products, especially pulses and beans go to China. One example is that about 250 corn trucks with 25 ton capacity went to China in 2011 and increased to 350 in 2017. Generally, there are about 800 trucks in normal time and over 1000 trucks in high season on Muse- Mandalay route daily and total tonnage is about 8,750 tons per day. Moreover, there are a lot of things needed for the infrastructure in the border. India is likely to improve if these infrastructures are properly maintained and renovated. Since the population of BBIN+ M countries occupies one-fourth of world's population, it would be more job opportunities and socioeconomic development if the connectivity improves.

**Ms. Ohnmar Maw, Joint Secretary from Myanmar International Freight Forwarders' Association (MIFFA),** discussed the regional connectivity from logistics point of view. Regarding the border trade, there are 5 main trading partners of Myanmar, namely, Thailand, China, Laos, India and Bangladesh. Currently, there are a lot of weaknesses in both soft and hard infrastructures. Especially those



weaknesses are found in the area of Rakhine State. For hard infrastructure, there need to develop dry ports and logistics hubs. For soft infrastructures Government – to – Government agreement, people to people agreement, e-system and Myanmar Automated Custom Clearance System (MACCS) should be practiced in the border areas. According to the member of Rakhine State Chamber of Commerce and Industry, **there is an ongoing one-stop service but they still need a very reliable banking system in Rakhine State. The government needs to emphasize not only to document procedures and agreements but also to develop banking system.** Regarding the trade promotion, there are many trade promotion events taken place in all parts of Myanmar especially with Thailand and China, which have huge advantages on promoting trade with respected country. However, there are very few trade promotion events in Rakhine State compared with other border trade areas. Therefore, **the members of the Union of Myanmar Federation of Chambers of Commerce & Industry (UMFCCI) and government officials need to focus on trade promotion activities in Rakhine State in near future.** The members of MIFFA will also look forward to take part in the stage of implementing the recommendations and suggestions of this event.

**Mr. Hla Maung, Chairman of Kalay – Tamu Border Trade Chamber of Commerce and Industry, and Central Executive Committee (CEC) members of UMFCCI** said that current project BBIN + M connectivity is very important for Myanmar since the country mainly has

Discussion by Mr. Hla Maung, Chairman of Kalay – Tamu Border Trade Chamber of Commerce and Industry, and Central Executive Committee (CEC) members of UMFCCI



an economic relationship with South East Asian countries. Currently, there are 2 border gates between India and Myanmar; the Rih border gate and Tamu border gate. Regarding road transportation, the current road condition of Tamu – Moreh is in decent condition. With the supports from India government, Tamu - Moreh road including 69 bridges will be upgraded and is expected to be a very reliable road in the near future.

**The other trade corridor to India,**

**Myanmar’s Teetain – Rhi road can only be accessible during dry season.** Security plays an indispensable role in trade. The security condition of India’s Mizoram is completely safe. **When it comes to Manipur, although it is not as safe as Mizoram, there have been some improvements in the security condition in the recent years.** Areca nut is the major export item to India. Over the last couple of months, there was 0% taxation but now it has increased dramatically to 40% by the India government, leading to increase illicit trade of areca nut. Myanmar has exported 40,000 tonnes of areca nuts to India through border in 2017 – 2018. **From Myanmar side, the areca nut were officially exported. However there is no official trade record in India side, to which the government of India has to pay attention.** Regarding the system of trading, the formal payment through banking system, where a lot of payment transactions can be conducted. There should be Joint Border Trade Committee between the two countries with government officials and businessmen. Visa or cross border pass should be considered for smoother trade facilitation. Indian officials in Sagaing Region Government is now preparing to do activities for Myanmar water festival inviting people from Manipur so that people from Manipur can visit around Sagaing during the water festival.

**Ms. Thandar Khin, Deputy Director from the Ministry of Commerce** said this project could help Myanmar to promote trade with India. Peace cannot be gained without economic development. Myanmar is currently promoting peace in Rakhine State. Also, there is Myanmar Trade Promotion Organization and there is Thazin Myay Trade Centre in Sittwe, Rakhine State. Through these initiatives, Myanmar local products have been planned to be exported to other countries.



Moreover, the SEZ development in Kayin Chaung Economic Zone near Maungdaw in Rakhine State should be incorporated. There have already been Joint Trade Committees for Myanmar – India and Myanmar – Bangladesh. To these committees not only the governments but also some private sectors were invited to participate. Myanmar is now focusing on the peace development on its West. Whenever there are meetings with Bangladesh or India, the

suggestions from stakeholders were requested to solve the existing issues between the countries. Moreover, India government usually invites Myanmar government to participate trade promotions or trade fairs via which Myanmar shares information through the organization like UMFCCI. **There are also the similar trade fairs organized by Bangladesh Government. However, Myanmar received a few invitations to these fairs by Bangladesh.**



Discussion by Ms. Aye Aye Hla, Advisor, the Ministry of Transport and Communications

**Ms. Aye Aye Hla, Advisor of the Ministry of Transport and Communications** and Joint Secretary of the National Transport Facilitation Committee of Myanmar said Myanmar is the neighboring country of the India and other GMS member countries and the ASEAN. There is a Cross Border Agreement being handled between Myanmar and Thailand, which is now in the finalizing stage for the signatory.

Regarding the BBIN, Myanmar has become member of SASEC, to which BBIN countries are also members, in February 2017. Cross Border Transport and Connectivity also includes under this SASEC region. Myanmar has discussed about the operation plan and framework of the SASEC through the Ministry of Planning and Finance. BBIN documents will be one of the reference documents for Myanmar for the future coordination, connectivity and economic development of the member countries. The private sector, UMFCCI, the regional governments and all the concerned government agencies have to improve the connectivity in terms of both hard and soft infrastructure. The Ministry of Transport and Communications is the focal Ministry of the soft infrastructure regarding the agreement and all other coordination matters. We promise H.E Mr. Vikram to realize cross border agreement between India and Myanmar, MVA and BBIN cooperation. Since we are now handling Myanmar –Thailand Cross Border Agreement, there are so many issues regarding government agencies, private agencies, domestic operators' concerns and also the livelihoods of the border regions. **After finalizing cross border agreement between Myanmar and Thailand, Myanmar shall make a framework for BBIN+ Myanmar since there is still no framework agreement for between BBIN and Myanmar. The framework agreement is necessary before the stage of bilateral agreement.** Currently it is easier for Myanmar to follow Greater Mekong Subregion (GMS) or ASEAN framework since Myanmar has no past experience in regard to cross border agreement. More comprehensive initiatives BBIN countries and Myanmar have to be made, especially between India and Myanmar, after the implementation cross border agreement among GMS countries.

## Closing Remarks

**Mr. Vikram Misiri, India Ambassador to Myanmar** remarked the two specific points regarding to Tamu – Moreh Border addressed by the representative from Kalay - Tamu Chamber of Commerce and Industry. The first point was concerned with the impact on the local people when India and Myanmar sign agreement. He stated that **the traditional free movement regime, an agreement which allows people living within 10 miles of the border from both sides to pass the border with border passes, will continue in that agreement. The people living in far areas from border like Nay Pyi Taw, Yangon or Sittwe can be able to get a visa which can cross the border from India embassy in Yangon or India Consulate in Mandalay or Sittwe or electronically but this cannot do right now.** The same thing will be happened to the people from the India side. What it will do is that a lot of people living in far area of the border would be able to pass the border if the agreement was implemented. This is the most important thing that will happen with the land border crossing agreement. Currently, India is looking at Visa and Passport based arrangements, which is also cannot do right now. India will negotiate Visa on arrival stage later. The second point is about areca (betel) nut being traded through Tamu – Moreh Border gate. A year and half ago, regime at the border was the border trade regime. In the early years, there were 22 items available for the border trade and the number is slowly increasing up to 62 items. This means 62 items can be traded across the border and areca (betel) nut is also included. Border trade is firstly supposed to be Barter trade that means exchanging goods for goods. Secondly, it was limited to head load. However, this is not actually been followed and there is an enormous amount of illegal trade of areca (betel) nuts at the border. **This is shown by the fact that India's statistics at the border is 1 million USD and Myanmar's statistics shows 34 million USD because Myanmar records everything but India records that amount that passes through the India's custom port. There is an enormous amount of difference in the two countries' statistics.**

In December 2015, India's Ministry of Commerce decided to end the border trade regime and switch to normal trade at all border crossing points. Normal trade means that Myanmar is now not limited to only 62 items but anything can be traded through the border including pulses. However, since it is now normal trade, it means that it is subject to normal custom procedure. Under the India - ASEAN Free Trade Zone Agreement, the duty for areca (betel) nut is 40%. Thus the 40% is the duty that has to be paid. Areca (betel) nut, unfortunately, is not covered by India – Myanmar Duty Free Preference (DFP) scheme which allows 0% duty for the goods covered. Another issue is that there are lots of areca (betel) nuts which are not from Myanmar being traded across the border in Tamu – Moreh. India needs rule of origin or origin certificate for those consignments. **In terms of security issues, the rebellious groups that are operating and there are process dialogue events and security forces taking actions. Consequently the level of incidents has dropped.** From both India side and Myanmar side, the dialogues are continuously holding, and most of the rebellious groups are coming to join these dialogues, yet there are groups that do not want to join dialogue but believe in violence. Myanmar and India need to work together for this case.

Finally, the Ambassador stressed that trying to develop connectivity, infrastructures including mechanism, land border crossing agreement, motor vehicle agreement, trade facilitation agreement, etc are all contributed to economic development, and ultimately to peace. Like state counsellor said very often that development is the essential precondition for peace and peace is also the precondition for development, there are two sides of the same point. In the next five years from now in terms of infrastructure along the way of this region, Myanmar would have changed. He also suggested to work together in putting in place for soft infrastructures to benefit from the hard infrastructures. Motor vehicle agreement, land border crossing agreement, integrated checkpoints at the border and sustainability of current livelihoods is another area India willing to work with Myanmar. India is ready to set up vocational training centers in order to retrain people so that they would find employment. Ultimately, all of this is towards better economy, better connectivity and greater efficiency. The intention at the end of the day is to deliver value to the people and contribute to the development.

**Mr. Prithviraj Nath, Associate Director from CUTS** remarked that he had a chance to know the key areas and what can be done ahead in future. Besides, there are the real understanding of the things which should be done by collectively, individually, bilaterally or multilaterally to improve connectivity. The intention is to make a real change on the ground. He concluded the remark by acknowledging all the attendees for their participation and suggesting to go forward with positive in mind and peace and stability in mind.

**Mr. Aung Min, Research Director from MMRD** acknowledged the participations of the attendees on behalf of the organizers, CUTS and MMRD. Although it is the final event of Myanmar Study, it is the grain of the future implementation and future process. He suggested that there is a long way to go and further studies are required to follow up for the remaining issues. He encouraged the related government agencies, India Embassy, and other stakeholders (individuals or organizations) for cooperation for regional connectivity. The soft infrastructure, regional trade, regional tourism, etc. will have to be improved. There are many agendas like ASEAN connectivity 2025, GMS Program, GMS Extension Corridors, BBIN, etc. In conclusion, he wished all the stakeholders of BBIN +M project to gain benefits at the end of the day.

## Annexure 1: Agenda of the Event

Time	Tasks
<b>9:00 – 9:30</b>	<b>Registration</b>
<b>9:30 – 9:45</b>	<b>Welcome and Opening Remarks</b> <ul style="list-style-type: none"> <li>- Opening speech by Mr. Maung Maung Tint, Director General of Planning Department of the Ministry of Planning and Finance</li> <li>- Opening speech by H. E. Mr. Vikram Misri , Ambassador of the India Embassy (Myanmar)</li> </ul>
<b>9:45 – 10:00</b>	<b>Explanation about MMRD and the Project Background</b> <ul style="list-style-type: none"> <li>- Mentioning the work of MMRD and the current project by Mr. Aung Min, Research Director (MMRD)</li> </ul>
<b>10:00 – 10:15</b>	<b>Presentation of the Summary Findings of the Study (Myanmar)</b> <ul style="list-style-type: none"> <li>- Presenting the approaches, key findings and recommendations by Mr. Swan Pyae Oo, Project Manager (MMRD)</li> </ul>
<b>10:15 – 10:45</b>	<b>Presentation of the Summary Findings of the Study (BBIN)</b> <ul style="list-style-type: none"> <li>- Presenting the approaches, key findings and the potentiality to connect BBIN to Myanmar by Mr. Prithviraj Nath, Associate Director, CUTS</li> </ul>
<b>10:45 – 12:00</b>	<b>Discussion and Suggestion on BBIN + Myanmar Connectivity</b> <b>Lead Discussants:</b> Rakhine State Chamber, MRCCI, MIFFA, Kalay-Tamu Border Chamber.  Discussion and suggestion from the invitees on the BBIN + M connectivity on (1) Transport and Communication, (2) Formal bank payment, (3) Capacities and resources, (4) Infrastructure Gaps, (5) Concerns and issues and (6) Expected Gains
<b>12:00 – 12:15</b>	<b>Closing Remarks</b> <ul style="list-style-type: none"> <li>- Mr. Vikram Misri, India Ambassador to Myanmar</li> <li>- Mr. Prithviraj Nath, Associate Director from CUTS International</li> <li>- Mr. Aung Min, Research Director from MMRD</li> </ul>
<b>12:15 – 13:00</b>	<b>Lunch Reception</b>

## **Annexure 2: Background Note**

In the face of a changing economic landscape, the world is turning towards South Asia and Southeast Asia to drive tomorrow's engines of growth and economic prosperity today. Myanmar holds the unique position of being part of both these regions and therefore, is absolutely crucial to bringing about greater economic prosperity to the region.

This particular project aims to understand and study the existing nature of trade and trade policies in the region Eastern South Asia, comprising of Bhutan, Bangladesh, India, Nepal and Myanmar. The project aims to find and highlight the gains from a more facilitative trade policy in terms of reduced costs for local producers, more employment opportunities for local workers, enabling the underprivileged to access new opportunities and bringing economic prosperity to women equally. The project will come up with a set of comprehensive recommendations on the policy, regulatory, protocol and procedural level for trade in the region.

### **Overall Objectives**

- Study the time and cost for clearance of cargo at identified land ports in BBIN countries and Myanmar, critical to trade and transit
- Study existing and proposed transit protocols in this region to understand how relevant they are to ground realities and needs of stakeholders at the grass-root level
- Study the corridors, their sub-links and critical land ports to identify corridor-specific issues
- Understand the impact of trade, transport and transit facilitation on local economic development parameters.
- Identify specific impediments and hurdles to recommend relevant solutions related to policy, regulation, protocols, procedures and infrastructure.
- Contribute towards formulating effective transit protocols with an inclusive and participatory approach involving all relevant stakeholder groups
- Undertake awareness generation of relevant stakeholder groups to understand the need for trade, transport and transit facilitation along the corridors and the gains at the local level.

The project will focus on studying the relevant procedures, regulations and laws for the overall import/export/transit processes of a country in order to find the bottlenecks which result in wastage of time, money and resources. Field research will be crucial to finding these hurdles that continue to inhibit trade and stunt the development of the region.

At the same time, the project will work with the various government agencies, private enterprises and all relevant stakeholders that are part of the trade process. This will include policy makers, regulators, working level officials, chambers of commerce and local business associations. In order to get the clearest picture of the existing scenarios, traders, local service providers, local political representatives and local opinion leaders will also be consulted. The

aim is to understand the ideas, aspirations and concerns about trade from those at the ground level. Parallel to the field research, data will be collected to estimate the impact and gains on development through employment and gender parameters from better regional connectivity. Here the main tool will be appropriate econometric modelling designed to take into account the unique politico-economic situations of the region.

After the intensive study and research period, a comprehensive report along with corridor-specific policy briefs will be prepared. This will work to generate awareness among policy makers, regulators, working level officials and ground level players highlighting the importance of cross-border connectivity and gains on livelihoods across the region. At the same time, the report will contain a set of policy, regulatory, infrastructure-related, procedural and capacity-related reforms that will be crucial to realize the true potential of the region.

Following this, policy dialogues/stakeholder meetings will be organised at national capitals of Bhutan, Bangladesh, India, Nepal and Myanmar to share specific recommendations with the relevant stakeholders. This will include national-level policy makers, regulators, media, private players, business chambers and civil society organizations. Finally at the conclusion of the project a Regional Policy Dialogue will be organised in Dhaka, Bangladesh to share the final report of the project, discuss the impacts of the project, and chart a forward-looking action agenda for better economic integration of the selected countries for this larger Eastern Corridor.

### **Overall Outcomes**

- A set of reports and policy briefs detailing domestic and regional policies, regulations, protocols and processes with regard to trade, transport and transit facilitation and their impact on the development parameters of livelihoods and gender at the ground level.
- A comprehensive understanding of the bottlenecks and hurdles along with the relevant solutions towards facilitating trade, transport and transit connectivity among the BBIN countries and Myanmar
- Specific policy, regulatory, protocol recommendations and suggestions relevant and unique to the situations within the region.
- A list of priority projects and corridors where trade, transport and transit connectivity initiatives can be implemented to bring about the greatest possible benefits for overall connectivity and livelihoods in the region in correlation with the existing and ongoing connectivity and development projects in the Asian region.
- Bringing an understanding amongst local and ground level players regarding the long term benefits and positive impact of cross-border connectivity initiatives on local development and hence greater awareness and buy-in for future initiatives.
- Creating an enabling and inclusive policy discourse and environment for road connectivity between South and Southeast Asia in the long run.

This project will form a part of a greater Asian vision to create an enabling and inclusive policy discourse bringing connectivity between the regions of South and Southeast Asia in the

longrun. This will take into account all levels of stakeholders to highlight the need, long term benefits and positive impacts of holistic cross-border connectivity initiatives on local economic parameters, particularly livelihoods, and hence bringing higher political ownership and buy-in for future initiatives in the region.

### Annexure 3: List of Participants

<b>Participants from Public Sector</b>				
<b>No.</b>	<b>Participant's Name</b>	<b>Designation</b>	<b>Department</b>	<b>Organization</b>
1	U Maung Maung Tint	Director General	Planning Department	Ministry of Planning and Finance
2	H.E. Mr. Vikram Misri	Indian Ambassador to Myanmar	–	India Embassy
3	Daw Aye Aye Hla	Advisor/ Consultant	Minister Office	Ministry of Transport and Communications
4	Dr. Daw Khin Lin	Assistant Director	Minister Office	
5	U San Yu	Deputy Director	Road Transport Administration Department	
6	U Saw Hla Tun	Assistant General Manager	Inland Water Transport	
7	U Maung Maung Lwin	Deputy Director	Planning Department	Ministry of Planning and Finance
8	U Thet Khaing Oo	Assistant Director	Planning Department	
9	Daw Thandar Khin	Deputy Director	Minister Office	Ministry of Commerce
10	Daw Khin Mya Mya Htwe	Deputy Director	Department of Trade	
11	Daw Yee Yee Win		Myanma Trade Promotion	
12	Daw Thaw Tar	Staff Officer	Minister Office	Ministry of Construction
13	U Khin Maung Aye	Deputy Director	Department of Road	
14	U Thein Aung	Chief Engineer	Department of Bridge	
15	U Kyaw Don	Deputy Director General	Department of Planning	Ministry of Agriculture, Livestock and Irrigation
16	Daw Ni Ni Aung	Deputy Director	Department of Fisheries	
17	Daw Nilar Aung	Assistant Director	Department of Agriculture	
18	Daw Htay Htay Than	Director	Union Minister Office	Ministry of Industry
19	U Ko Ko Naing	Assistant Director	Immigration Department	Ministry of Labour, Immigration and Population
20	U Myint Thin Aung	Director	–	Sagaing Region Government

<b>Participants from Private Sector</b>			
<b>No.</b>	<b>Participant's Name</b>	<b>Designation</b>	<b>Organization</b>
1	U Soe Naing	Executive Committee Member	Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
2	Daw Ohnmar Maw	Joint Secretary	Myanmar International Freight Forwarders' Association (MIFFA)
3	U Thet Tun Lwin	Secretary	Mandalay Region Chamber of Commerce and Industry
4	U Tin Aung Oo	Chairman	Rakhine State Chamber of Commerce and Industry
5	U Hla Maung	Chairman	Kalay Tamu Border Trade Chamber of Commerce
6	Daw Yu Yu Naing	Private Sector Development Advisor	DFID
7	U Lin Maung Maung	Dana Facility	
8	Mr. Prithviraj Nath	Associate Director	CUTS International
9	U Htoo Thet	Editor	Myanmar Time- English
10	U Sett Maung Swe	Executive Committee Member	Mandalay Region Chamber of Commerce and Industry

<b>Participants from Myanmar Marketing Research &amp; Development (MMRD)</b>		
<b>No.</b>	<b>Organizer's Name</b>	<b>Designation</b>
1	U Aung Min	Research Director
2	U Swan Pyae Oo	Project Manager
3	U Aung Myint Than	Project Coordinator
4	U Hla Min Naing	Assistant Project Manager
5	Daw Htoo Nandar Win	Junior Research Executive
6	Daw Yamin Latt	Research Assistant
7	U Aung Tun	Translator