

MYANMAR

TRADE AND MOBILITY UPDATE



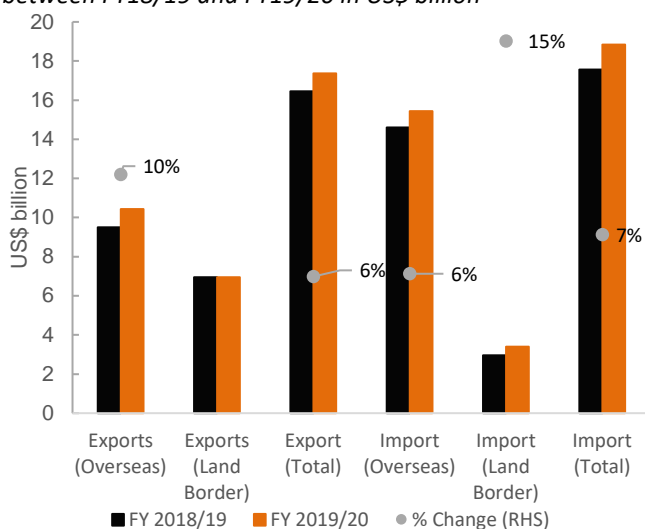
Myanmar's international trade has been significantly affected by COVID-19 pandemic, with more impacts expected from the second wave. While trade expanded by 6 percent during FY19/20, it grew by 16 percent during the first six months (Oct-Mar) and fell by 3 percent during the last six months (Apr-Sep), with the latter period coinciding with the first wave of the infection. The trade deficit reached US\$1.5 billion in FY19/20 primarily driven by increased import of capital goods. While it is too early to know the impact of the second-round of stay at home orders, mobility data points to a significant slowdown in economic activity: travel to workplaces was 56 percent lower in September and 50 percent lower in October compared to the period prior to the global pandemic.

Myanmar Trade Update

Amidst COVID-19 pandemic, Myanmar’s trade was strong with both exports and imports increasing in fiscal year (FY) 19/20. Compared to FY18/19, trade volume increased by 6 percent to US\$2.2 billion. The increase was contributed to by both exports and imports – with a 6 percent increase in exports accounting for an additional US\$0.92 billion on a year-on-year (YOY) basis and with a 7 percent increase in imports accounting for an additional US\$1.28 billion on YOY basis (Figure 1). A 10 percent increase in exports overseas contributed to overall exports growth, accounting for 60 percent of total exports in FY19/20. Both imports through overseas and land border increased on a YOY basis.

Figure 1: Imports and exports were higher in FY19/20 compared to FY18/19 due to strong start prior to COVID-19

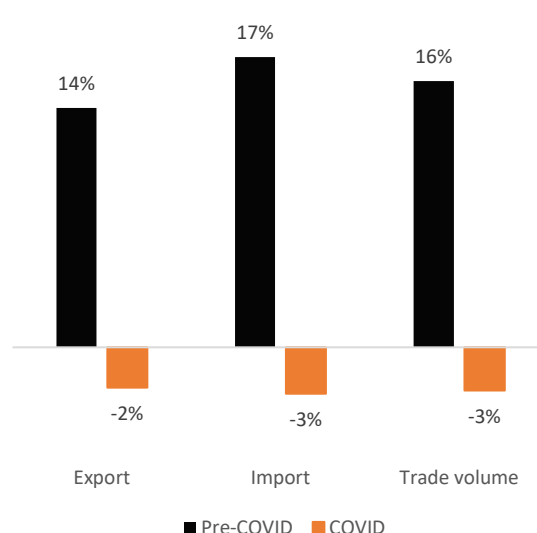
Comparative percentage change of exports and imports between FY18/19 and FY19/20 in US\$ billion



Source: Ministry of Commerce

Figure 2: Myanmar’s trade in COVID period decreased in FY19/20 compared to same period of FY18/19

YOY comparison between FY18/19 and FY19/20



Source: Ministry of Commerce

Despite strong trade performance in FY19/20, Myanmar’s trade performance in the second half of FY19/20 was strongly affected by COVID-19 pandemic. While trade expanded by 6 percent in FY19/20 – compared to FY18/19, it grew by 16 percent during pre-COVID-19 period (October-March) and fell by 3 percent during COVID-19 period (April-September)¹, with the latter period coinciding with the first wave of the infection (Figure 2). In the first six months. During pre-COVID-19 period, both exports and imports increased by 14 percent and 17 percent respectively compared to the same period in FY18/19. However, the pandemic caused a decrease in exports and imports by 2 percent and 3 percent respectively in the rest of FY19/20, compared to the same period of FY18/19.

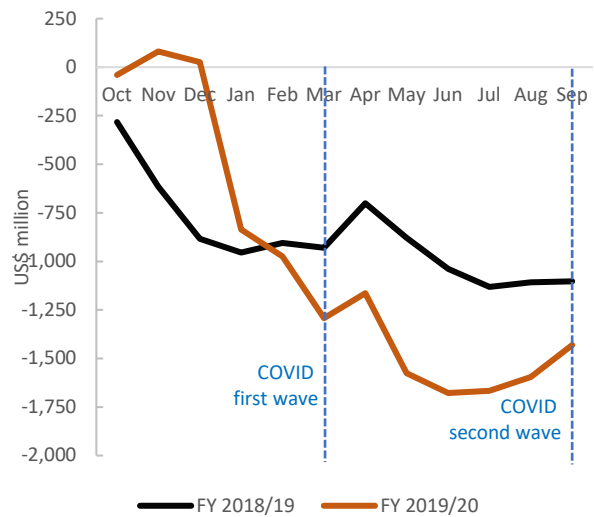
¹ The first COVID-19 confirmed case arrived in the last week of March, and the government started to enforce restrictions to contain the pandemic in the end of March. Hence, the first half of FY19/20 (from October 2019 to March 2020) is considered as pre-COVID period, and the rest of FY19/20 is considered as COVID period.

The trade deficit increased to US\$1.5 billion in FY19/20, 33 percent higher than in FY18/19. In terms of comparisons between prior and current fiscal years, the FY18/19 saw the trade deficit widen in the first quarter, narrow in the second and widen again for the remainder of the year. In FY19/20, the trade deficit narrowed in the first quarter but sharply widened from the beginning of the second slightly narrowed again in the fourth (Figure 3). As the pandemic began to affect Myanmar, the trade deficit widened and the gap remained throughout FY19/20.

Monthly exports and imports comparison between FY19/20 and FY18/19 revealed the COVID-19 impacts on Myanmar’s trade in the second half of the year. In the first six months of FY19/20 (the pre-COVID period), there was only one month that saw decrease in export compared to the same period of FY18/19. However, in the second half of FY19/20, a three-month consecutive drop was observed from April to June – which was the period when the government introduced mobility restrictive measures to contain the first wave of COVID-19 (Figure 4).

Figure 3: Myanmar’s trade deficit was US\$1.5 billion in FY19/20

Comparative change of cumulative trade balance between FY18/19 and FY19/20 in US\$ million

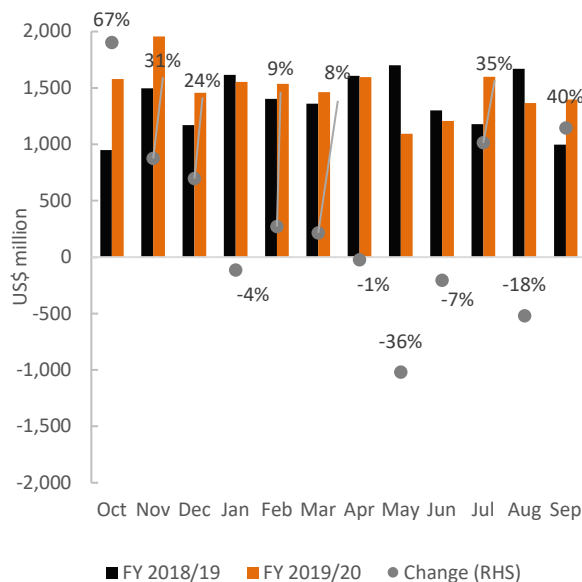


Source: Ministry of Commerce

Note: Trade balance is cumulative, so each month represents cumulative trade balance of fiscal year

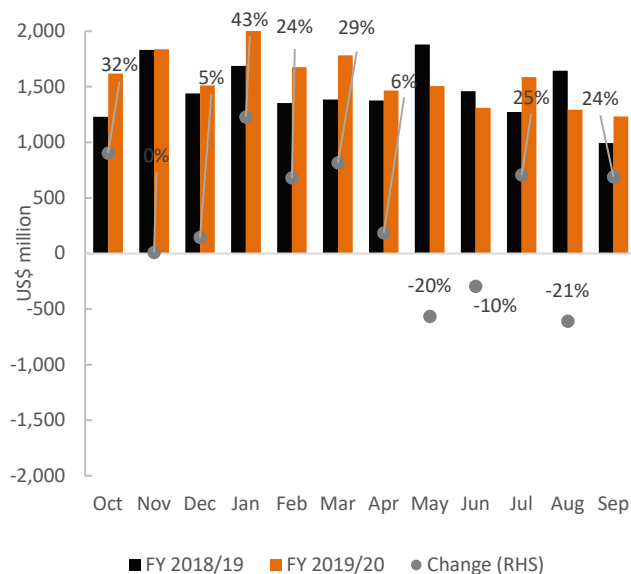
Similarly, no single month in Pre-COVID-19 period of FY19/20 experienced a drop in imports compared to the same period of FY18/19, while in May, there was a significant drop in imports (Figure 5). In addition, there was another drop for both exports and imports in August. In general, both export and import trends of FY19/20 revealed that Myanmar’s trade performance was significantly impacted by COVID-19 as the overall increase in both exports and imports remains attributable to stronger trade performance in the period prior to the impact of COVID-19. But for the impacts of the pandemic, Myanmar’s trade would have been much stronger than the actual figure in FY19/20.

Figure 4: Pre COVID-19 exports in FY19/20 exceeded FY18/19 and lower after
Percentage change of monthly exports between FY18/19 and FY19/20 in US\$ million



Source: Ministry of Commerce

Figure 5: Pre COVID-19 imports in FY19/20 exceeded FY18/19 and lower after
Percentage change of monthly imports between FY18/19 and FY19/20 in US\$ million



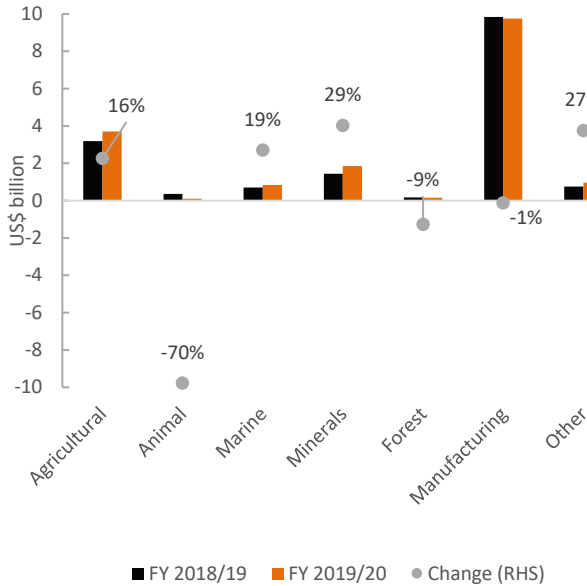
Source: Ministry of Commerce

The increase in exports was driven by agricultural and mineral products, while manufacturing exports declined. Compared to FY18/19 mineral exports increased by 29 percent, marine exports increased by 19 percent and agricultural exports increased by 16 percent in FY19/20 (Figure 6). Regulatory relaxations on the mineral industry reduced barriers to foreign investment thereby resulting in increased exports.² [Exports of marine and fishery products were expected to decline this fiscal year](#) as demand waned from the EU and other markets in April due to the impacts of COVID-19. However, compared to FY18/19 overall marine exports increased in FY19/20 as demand for marine products [has been renewed by an appeal to more foreign markets](#) due to improved safety in production processes. Myanmar's manufacturing exports³ (which account for 57 percent of Myanmar's total exports) decreased by 1 percent in FY19/20 compared to FY18/19. The exports in the pre-COVID-19 period was 14.3 percent higher compared than the same period of FY18/19. However, as the impacts of the pandemic began to affect global markets, manufacturing exports decreased by 13.5 percent in the rest of FY19/20 when compared to the same period of FY18/19 (Figure 7). Closures of factories due to pandemic control measures also contributed to decreased manufacturing activities and exports. As at July 2020, [56 factories had permanently ceased operations due to COVID-19](#).

² Under new regulations introduced under the new Myanmar Mine Laws, foreign firms are now permitted to invest in large blocks of land of up to 500,000 acres, while local firms can invest in all types of blocks. <https://www.gnlm.com.mm/mineral-exports-top-1-553-bln-in-current-financial-year/>

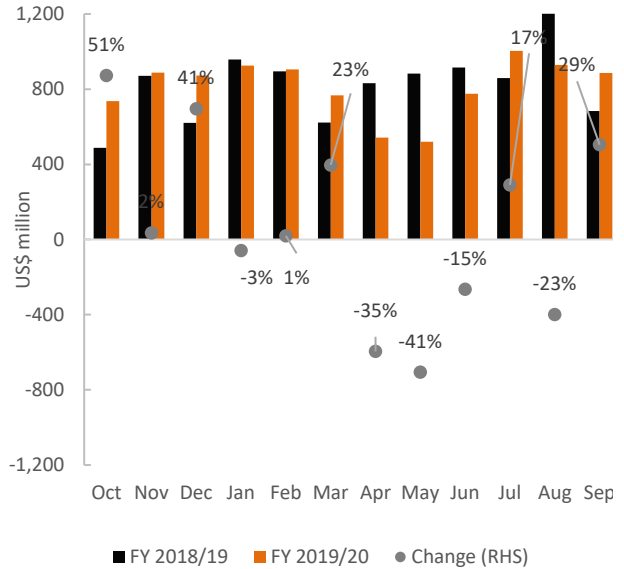
³ Gas is classified as manufacturing or industrial finished product. Mineral products include jade and jewels.

Figure 6: Compared to FY18/19, there has been an increase in mineral, marine and agricultural exports
Percentage change in exports by product groups from FY18/19 to FY19/20 in US\$ billion



Source: Ministry of Commerce

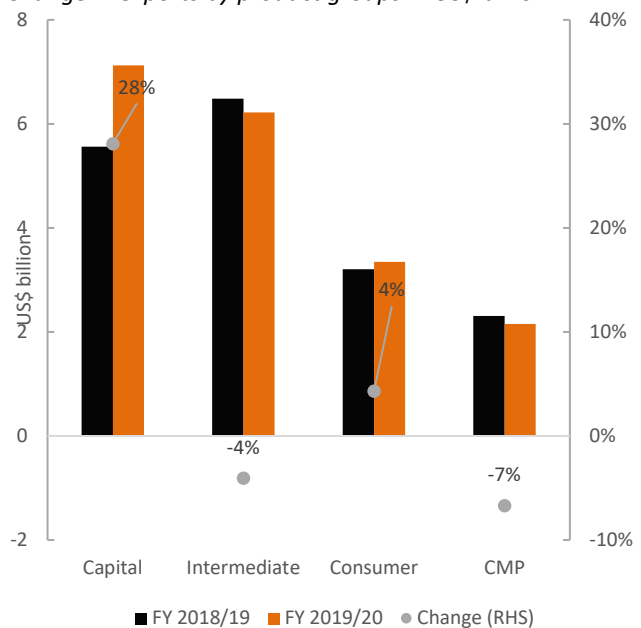
Figure 7: COVID-19 impacts resulted in a decrease in manufacturing exports since COVID-19
Percentage change of monthly manufacturing exports between FY18/19 and FY19/20 in US\$ million



Source: Ministry of Commerce

Increase in imports were driven by capital goods, with COVID-19 causing a decrease in imports of intermediate and cut-make-pack (CMP) goods. Myanmar’s imports of capital goods—accounting for 38 percent of Myanmar’s total imports—increased by 28 percent (or about US\$1.56 billion) in FY19/20 compared to FY18/19 (Figure 8). Along with an increase in capital goods imports, consumer goods imports also increased by 4 percent, and the increase in these goods has been consistent throughout FY19/20. However, CMP goods and intermediate goods decreased by 7 percent and 4 percent respectively – resulting in a 1 percent decrease in manufacturing activities and exports. [As a result of the slump in global garment demand](#), a decrease in CMP imports is directly linked with the reduction in garment exports – which accounts for 40 percent of total manufacturing exports.

Figure 8: Imports of capital goods in FY19/20 increased dramatically from FY18/19
Change in exports by product groups in US\$ billion



Source: Ministry of Commerce

The increase in the imports of capital goods suggests an increase in investment. FY19/20 saw an increase in both approved foreign and domestic investment despite the economy being impacted by the pandemic. In August, the approved citizen investment increased by 21 percent – compared to the same period of FY18/19 – and a majority of those investments [flowed into real estate development and the manufacturing sector](#). Likewise, US\$5.7 billion of foreign direct investment (FDI) was approved in FY19/20, which amounts to a 27 percent increase compared to FY18/19. While there was an increase in approved FDI, FY19/20 fell just short of the target of US\$5.8 billion –by US\$100. COVID-19 related travel restrictions was the major factor for failures to reach FDI targets [due to the suspension of some scheduled FDI projects](#). The electricity, manufacturing and housing industries attracted the majority of FDI in FY19/10 .

In FY19/20, Myanmar’s overall border trade was higher than FY18/19. As mentioned above, overall border trade increase was driven by imports with a 15 percent increase while exports through land borders decreased by 0.1 percent (Figure 1). While Myanmar’s land border trade with its second major partner, Thailand, decreased by 8 percent, land border trade with Bangladesh significantly increased by US\$726 million in this fiscal year, compared to only about US\$22 million in the same period last year. The increase was attributable to increased exports and imports at the Sittwe border post.

Figure 9: Between FY18/19 and FY19/20, Myanmar experienced a decrease in most land-border post exports to China and Thailand

Percentage change in exports by land border posts by bordering country

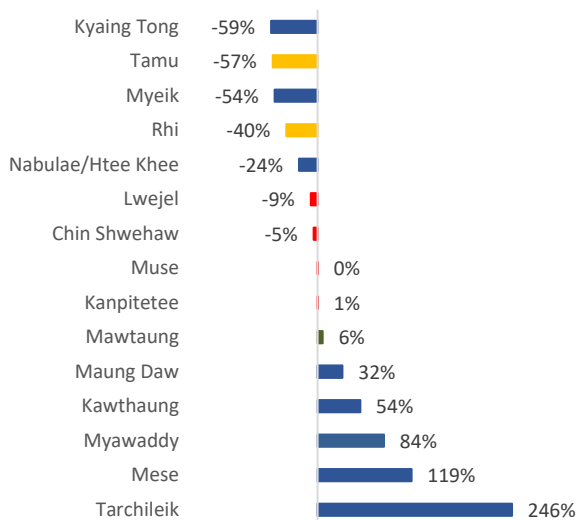
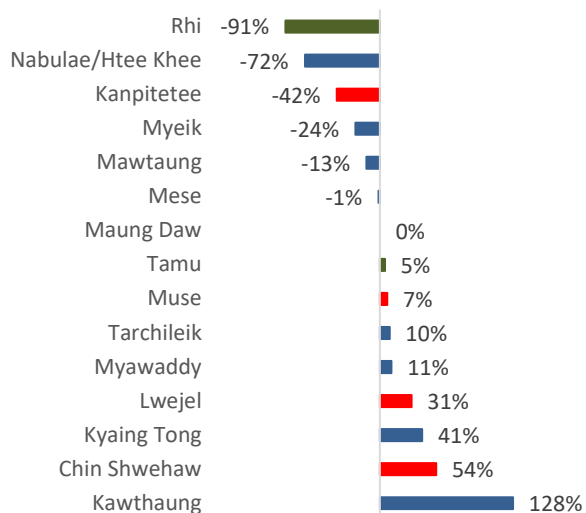


Figure 10: Between FY18/19 and FY19/20, Myanmar’s imports from most land-border posts from China and Thailand increased but this was insufficient to result in an increase of overall land border trade

Percentage change in imports by land border posts by bordering country



Source: Ministry of Commerce

Note: Border posts with China are in red; Thailand in blue; Bangladesh in dark green; and India in yellow. The charts exclude trade with Kangleit, a border post with Laos, due to lack of data in FY18/19 and the data for FY19/20 only recording exports at about US\$0.4 million of exports to Laos. The charts do not include Sittwe post, whose export and import changes are about 35 times and 304 times greater than the prior year, respectively.

Despite trade disruptions with China due to COVID-19, FY19/20 saw a 2 percent increase in land border trade with China compared to FY18/19. The overall land border trade increase with China was driven by

imports (8 percent increase). However, exports with China through land border trade decreased by 1 percent. COVID-19 impacted Myanmar exports to China in FY19/20 as restrictive measures at border to contain the pandemic caused trade suspension and delay – [resulting in a decrease in agricultural exports to China, which is the major export through a land border](#). By border posts, Muse – the major border post for trade with China – and Kanpitete saw a very modest increase in exports with 0.3 and 0.5 percent respectively while other land border posts with China saw a decline in exports (Figure 9). With the exception of the Kanpitete post, Myanmar’s imports from China through all land border posts increased (Figure 10).

Myanmar’s land border trade with its second major partner, Thailand, decreased in FY19/20. Compared to FY18/19, land border trade with Thailand – accounting for 36 percent of Myanmar’s total land border trade – decreased by 8 percent. Although there was a 1 percent import increase through land border trade with Thailand, export decreased by 11 percent – resulting in a land border trade decrease with Thailand overall (Figure 8 and Figure 9). Among the major reasons for a decrease in land-border trade with Thailand are COVID-19 related disruptions such as [temporary land border closures](#) and [limited access for vehicles to pass the border](#) in FY19/20.

Myanmar Mobility Update

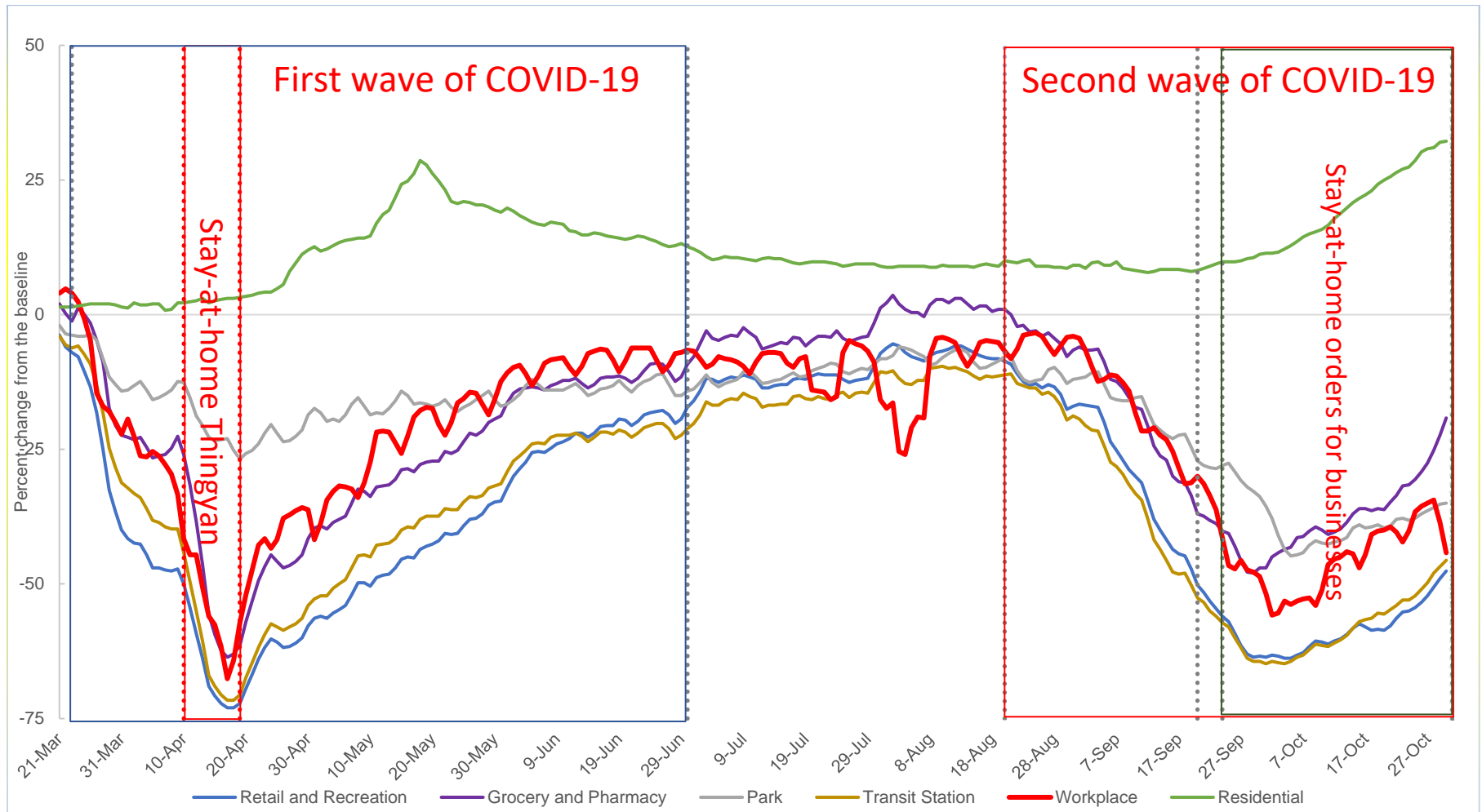
Mobility⁴ considerably worsened as the government re-introduced stay-at-home measures in late August and early September to mitigate the risks associated with a rising number of COVID-19 confirmed cases. On October 30, compared to the pre-COVID-19 baseline of January and February, there was a:

- 54 percent decrease in workplace mobility;
- 47 percent decrease in retail and recreation mobility;
- 14 percent decrease in grocery and pharmacy mobility;
- 36 percent decrease in park mobility;
- 46 percent decrease in transit station mobility;
- 27 percent increase in residential mobility;

Nationally, 1 in 2 people were no longer going physically to work. In Yangon it was 68 percent, while in Mandalay it was 50 percent. Public transport use was down 50 percent in Yangon and 49 percent in Mandalay and mobility to retail stores was down 56 percent in Yangon and 52 percent in Mandalay. As the number of COVID-19 confirmed cases continues to be high, and with elections approaching, mobility trends are likely to continue be low through the first part of November.

⁴ Google daily mobility data is available up to October 20. Values represent percentage changes compared to a baseline value for that day of the week. The baseline is the median value for the corresponding day of the week during the 5-week period between January 3 – February 6, 2020.

Figure 11: Daily mobility changes



Source: Google Mobility Data and World Bank

Note: Values are in 5-day moving average