



BRIDGING THE GAP

Trade and Investment Capacity
Building for Least Developed and
Landlocked Developing Countries

Myanmar

The secretariat of the Economic and Social Commission for Asia and the Pacific (ESCAP) is the regional development arm of the United Nations and serves as the main economic and social development centre for the United Nations in Asia and the Pacific. Its mandate is to foster cooperation between its 53 members and 9 associate members. ESCAP provides the strategic link between global and country-level programmes and issues. It supports Governments of the region in consolidating regional positions and advocates regional approaches to meeting the region's unique socio-economic challenges in a globalizing world. The ESCAP office is located in Bangkok, Thailand. Please visit our website at www.unescap.org for further information.



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INTRODUCTION TO THE CAPACITY BUILDING PROGRAMME IN TRADE AND INVESTMENT

Growing trade and investment in Asia and the Pacific has been a major driver of the regional economic dynamism that has lifted millions from poverty. Not all countries, however, have been able to benefit from increasing regional and global trade. Least developed countries and landlocked developing countries often face the greatest obstacles to participation.

Considerably poorer than the regional average, least developed countries and landlocked developing countries account for only a small fraction of regional trade and investment flows. These countries still face substantial barriers to trade, whether in the form of geographic distance, infrastructure deficits, low human and institutional capacity, shortage of trade finance, or policies that impede trade and growth.

ESCAP therefore recognizes a pressing need to assist least developed countries and landlocked developing countries better integrate into global and regional trade and value chains. Increasing integration can bring numerous benefits starting with better employment opportunities and greater household purchasing power. Broader linkages with trading partners can also play a role in facilitating economic diversification, thereby enhancing resilience to shocks. Simply, trade and investment policy is a crucial element in strategies for inclusive growth for a majority of, if not all, least developed countries and landlocked developing countries. In view of these needs, ESCAP has designed a special programme of

capacity building to assist least developed countries and landlocked developing countries. Three characteristics distinguish our approach.¹

Our activities are:

- **Demand driven** - Our actions are planned in response to specific requests for assistance from members.
- **Individually tailored** - Recognizing that no countries face exactly the same challenges, or face the same set of institutional, regulatory, economic and social circumstances, we tailor our advice, training and assistance to the unique needs of each country.
- **Broadly based** - ESCAP's areas of assistance cover the full range of trade and investment policies including: developing analytical tools; trade negotiations; trade facilitation; SME development; and improving the business environment.

Capacity building is realized through several different modalities:

- **Training** - Our trainings for government officials, researchers and policymakers help develop the analytical capabilities to use evidence effectively in tailoring policies to country needs. Furthermore, we provide training on developing institutional and regulatory frameworks as well as on negotiation of international agreements and treaties. We also use our communities of knowledge and practice to provide

¹ This note describes ESCAP technical assistance and capacity building work for least developed countries and landlocked developing countries in the area of trade and investment. ESCAP also provides assistance in range of other substantive areas. Further information can be obtained from the Countries with Special Needs Section: http://www.unescap.org/pdd/about_csns.asp

practical assistance with trade facilitation issues, development of SMEs, and trade defence measures.

- **Research and Analysis** - One challenge facing least developed countries and landlocked developing countries in the consideration of trade and investment policy is the difficulty of obtaining sufficient and high quality information to make fully-informed choices. ESCAP analytical work helps provide the knowledge base for better decisions.
- **Co-operation and Dialogue** - As the most inclusive platform for regional co-operation, ESCAP is ideally placed to facilitate co-operation and dialogue among member states and with other stakeholders, thereby enhancing knowledge sharing and understanding. Recognizing that trade-policy has broad cross-cutting effects, we also work with SMEs, investors and regulators to spread better understanding of the impacts of policy change.
- **Partnership and Integrated Approach** - Working in partnership with many international and regional organizations including UNCTAD, WTO, ADB, other UN Regional Commissions, as well as national and regional think-tanks, academia and government entities, we are able to provide comprehensive assistance, whenever possible as part of integrated and joint approaches.
- **Monitoring and Implementation** - To ensure that the capacity building programme is effective and impact creating, ESCAP partners with members throughout programme design, implementation and monitoring. Ongoing dialogue throughout the reform process is a hallmark of our approach.

2013-2014 TRADE AND INVESTMENT CAPACITY BUILDING PROGRAMME FOR MYANMAR



Background

Myanmar has huge economic and developmental potential. It is rich in natural resources with a young workforce and is geographically close to Asia's most dynamic trading economies. But Myanmar, like other least developed countries, has generally not been as successful in effectively integrating into the regional and global economy as other countries in the region, despite membership of the WTO and ASEAN (and other ASEAN+ agreements). At present it has weak trade and investment linkages with ASEAN and other neighboring countries, such as China and India. This is in part due to its past isolation; as Myanmar undergoes reforms it is creating new opportunities for trade- and investment-led inclusive growth. Considerable successes have already been accomplished, but several substantial landmarks relevant for trade and investment policy are also approaching. In particular, much needs to be done to prepare Myanmar for the advent of the ASEAN Economic Community in 2015.

Request for Assistance and Assessment of Needs

Recognizing the importance of trade and investment for growth and development, the Government of Myanmar submitted the following requests to ESCAP:

- (i) The Minister of Commerce requested that ESCAP provide technical assistance and capacity building in the areas of trade and investment and help strengthen the Trade Training Institute set up by the Ministry of Commerce.
- (ii) The Ministry of Commerce also requested that ESCAP provide assistance in developing Myanmar's Trade Defence Rules in line with WTO rules and Myanmar's preferential trade agreements.

- (iii) The Minister of Industry requested ESCAP assistance with developing the new SME law and the Industrial Development Plan, in particular with research and drafting.
- (iv) Myanmar's Ministry of National Planning and Economic Development agreed to work with international agencies including ESCAP, under the umbrella of the OECD Multi-dimensional Review. Multidimensional Country Reviews (MDCRs) are a new tool to identify the binding constraints to development in a country and suggest a strategy incorporating specific policy recommendations and reform sequencing.
- (v) Also, at the request of the Ministry of National Planning and Economic Development, Directorate of Investment and Company Administration, ESCAP was asked to provide a review of current FDI policies. This review aims at assisting Myanmar develop policies to attract FDI for inclusive growth.

ESCAP has responded positively to these requests and agreed to provide technical assistance through research, capacity building programmes and policy inputs. This conforms to ESCAP's approach of providing demand driven support, tailored to country circumstances.

ESCAP Trade and Investment Division (TID) followed up the above requests, giving initial priority to identifying specific needs:

- ESCAP officials visited Myanmar in November 2012 to lead discussions on FDI strategies and policies with government officials, followed up with an advisory report in February 2013.
- ESCAP held a national workshop in Yangon in February 2013. This was arranged with the Trade Training Institute, and had 23 participants

(Government officials, private sector representatives and researchers). The workshop discussed particular capacity gaps and needs, and finalized the content of the future training programmes.

- ESCAP has helped convene several events in Myanmar to share expertise on the challenges of drafting of the SME law and the Industrial Development Plan. The OECD and ESCAP have recently completed the first phase of the Multi-dimensional Review of Myanmar: Initial Assessment, in coordination with the Ministry of National Planning and Economic Development. The review was launched in July 2013 with the Government of Myanmar and provides a comprehensive diagnosis of the development challenges facing Myanmar.
- The first Training of Trainers Programme was held in August 2013 at the Trade Training Institute, Yangon. Led by ARTNeT, in collaboration with the Center for WTO Studies of IIFT, India, and Myanmar's Ministry of Commerce and Trade Training Institute, the event focused on WTO and trade related issues. Participants also received initial ESCAP technical assistance on formulating trade defence rules.
- From 23 to 27 September 2013, ESCAP, the ESCAP Business Advisory Council (EBAC) and the UN Trade and Productive Capacity Cluster organized the Myanmar Business and Development Week with the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) in Yangon. With financial support from the Governments of Japan and the Republic of Korea, this first of its kind event attracted a total of approximately 160 participants from the private and public sector of Myanmar.

The identified needs for capacity building can be broadly classified in four categories, namely research; policy formulation; business development; and trade facilitation.

IDENTIFIED NEEDS

Building Research Capacity	Policy Formulation	Business Development	Trade Facilitation
<ul style="list-style-type: none"> • Raising the level of understanding of benefits from special and differential treatment provisions of WTO and regional agreements • A study on vulnerable sectors in Myanmar in need of protection • Preparation of trade and investment statistics and database • Capacity building for researchers and research institutes on trade research methodologies 	<ul style="list-style-type: none"> • Training on specific WTO rules, including RTAs, Trade Defense Mechanisms, Dispute Resolution, and IPRs • Training on trade and investment negotiations • Mid-career training for officials on international trade with emphasis on case studies • Training on linkages between trade, environment and development. • Spread best practices for cooperation among institutions involved in policy making to develop a network between policy makers and researchers 	<ul style="list-style-type: none"> • Formulation of rules and laws for investment promotion and SME development. • Entrepreneurship Development • Building awareness of Corporate Social Responsibility • Formulation of investment promotion strategies • Integration of SMEs into regional and global value chains • Sector-specific studies in the areas of agriculture, fisheries and SMEs • Developing market intelligence and enhancing value addition in the manufacturing sector 	<ul style="list-style-type: none"> • Identify bottlenecks in trade procedures for agriculture and food products and recommend appropriate short-medium or long term trade facilitation measures • Simplify trade processes and develop paperless systems to address for efficient trade transactions • Modernization of customs procedures

From Needs to Capacity

Following these needs assessments and initial events, ESCAP has agreed to provide ongoing technical assistance through research, capacity building programmes and policy inputs.

Objectives of the Myanmar-centered programme:

- (i) Identify the binding constraints to development in Myanmar and suggest a strategy with specific policy recommendations and reform sequencing. Provide recommendations for public policy action by a country's national authorities, although the findings will also be useful to economic and social actors as well as to international donors to inform their development co-operation with the country.
- (ii) Build the overall capacity of policy makers at all levels of Government in the area of trade and investment and enterprise development. This will be in support of inclusive and sustainable growth and reduction of poverty through improved trade and investment policymaking including by ensuring a more equitable distribution of benefits from such activities.
- (iii) Create awareness and enhance knowledge about the Special and Differential Treatment provisions of various agreements (under the WTO and Preferential trade agreements) so that Myanmar can successfully negotiate agreements to its benefit and ensure that SMEs gain from these agreements; while also ensuring that the needs of vulnerable sectors are adequately addressed.
- (iv) Prepare draft trade defence rules for Myanmar and build clear understanding of these rules and procedures. Create capacity among policy makers and local producers to use the rules effectively.
- (v) Build the right legislative, regulatory and policy framework to attract FDI for inclusive growth and also support SMEs and industrial development.

- (vi) Sensitize policy makers on the importance of stakeholder consultations and the contributions of the private sector to policy making.
- (vii) Build capacity of government policy makers, private sector and other stakeholders to identify bottlenecks in trade processes, devise trade facilitation strategies and develop paperless systems for efficient trade transactions.

Expected Results

While the programme is expected to result in increased capacity of policymakers, institutions and other stakeholders to benefit fully from trade, investment and regional integration it will also deliver the following specific results:

- The initial programme will cover trade and development issues in general, with a focus on promoting South – South trade and investment linkages and other cooperation. The delivery of this programme will help identify specific capacity building needs of Myanmar which ESCAP can address in future.
- An integrated development strategy with specific policy recommendations and reform sequencing. This will provide recommendations for public policy action by the country's national authorities, although the findings will also be useful to economic and social actors as well as to international donors to inform their development co-operation with the country.
- The development of specialized training programmes and course curricula for the Trade Training Institute will assist in the strengthening of its institutional capacity to conduct training for junior trade officials and private sector participants on a continuing basis. The Trade Training Institute is expected to become a knowledge hub, with a well-equipped library with resource and reference materials on trade and investment.

- Trained participants are expected to enhance the analytical basis for policy-making, specifically through conducting studies highlighting sector specific trade and investment opportunities and challenges. This will also enhance understanding of the business environment.
- Trade defence rules for Myanmar will be fully drafted, with enhanced capacity to use them among policy makers and producers. Established institutions which can initiate investigations will implement these measures.
- Increased capacity of SMEs to participate in trade, investment and global and regional value chains.
- Development friendly FDI policies contributing to job creation and poverty reduction.
- Increased capacity of government policy makers, private sector and other stakeholders to develop trade facilitation policies and paperless trade systems, including in agriculture trade.

Capacity Building through ESCAP Regional Activities

ESCAP runs a number of regional platforms to facilitate growth in trade and investment flows by helping build openness and transparency of trade. Thus, in addition to in-country activities, ESCAP also encourages and facilitates the participation of least developed countries and least developing countries participants in our regional capacity building workshops, seminars, conferences and other events. Key initiatives include:

- **Asia-Pacific Business Forum (APBF).** APBF provides a platform for region-wide public-private sector dialogue, and facilitates opportunities for cooperation and partnerships among stakeholders. The Forum brings together governments, business leaders, academia, civil society and other stakeholders to share good practices in the area of economic integration with a particular focus on realizing the ASEAN Economic Community in 2015
- **Asia-Pacific Research and Training Network on Trade (ARTNeT).** ARTNeT is an open regional network of leading trade research institutions across the ESCAP region. ARTNeT works to increase the quality and amount of relevant trade research in the region by harnessing the research capacity already available and developing additional capabilities
- **WTO/ESCAP Capacity Building Workshops.** In collaboration with the WTO, ESCAP runs a well-established series of regional capacity building events for trade policy makers and researchers focused on imparting critical tools for trade policy analysis.
- **Asia-Pacific Trade Facilitation Forum (APTFF).** APTFF has become the main annual open regional platform to exchange information, experiences and practices for trade facilitation in Asia-Pacific, identify priority areas for regional cooperation and integration, and learn about

new tools and services which can increase the efficiency of cross-border transactions.

- **United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT).** UNNExT is a community of knowledge and practice for experts from developing countries and transition economies from Asia and the Pacific involved in the implementation of electronic trade systems and trade facilitation.

ESCAP has an active programme of capacity building under these initiatives, in addition to other free-standing events. As well as directly imparting knowledge and skills, these events enable participants to meet and exchange experiences with other policy makers and stakeholders who face similar challenges.

ESCAP supported the participation of stakeholders from Myanmar in the following recent events:

Focus Area	Recent Activities with participation from Myanmar
Trade Facilitation	<ul style="list-style-type: none">• Global Trade Facilitation Conference, Bangkok, November 2013• UNNExT Masterclass on Single Window and Paperless Trade Implementation, Cheon-an, October 2013• Asia Pacific Trade Facilitation Forum, Beijing, September, 2013
Trade Policy and Research	<ul style="list-style-type: none">• ARTNeT Seminar on Future Research Agenda for Trade Facilitation and Inclusive Growth, Beijing, September 2013• WTO/ESCAP Ninth ARTNeT Capacity Building Workshop for Trade Research, June, 2013
Business Development	<ul style="list-style-type: none">• Asia-Pacific Business Forum, Kuala Lumpur, October, 2012

NEXT STEPS

The ESCAP programme will be delivered, depending on available resources, alongside partner institutions, including the WTO, UNCTAD and OECD. Following the needs assessments and initial activities, work is progressing on a number of fronts:

- Following the submission of the new SME law to parliament, ESCAP will continue to provide advisory services regarding the development of associated regulations. ESCAP will also continue to provide assistance as Myanmar's Industrial Development Plan is drafted.
- Following the successful launch of the Training for Trainers programme in August 2013, further programmes are being planned. The topics will include: Trade and Development Linkages; International Trade and Marketing; Trade and Investment Negotiations and Business Development (with focus on SMEs). These needs-based specialized capacity building courses will be conducted for government officials, private sector representatives and researchers.
- Under the second phase of the multidimensional review, ESCAP and the OECD propose to carry out a business survey to be conducted jointly with the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI). This will address the lack of available data and information on businesses in Myanmar and contribute to the development of more specific policy recommendations in the area of supporting business initiatives.

A full outline of undertaken and planned activities is included in the Annex.

Annex: Matrix of Activities

Date and Venue	Area of work	External Partner	Partner in Myanmar	Expected Result
November 2012 – February 2013	Promoting and attracting FDI for inclusive growth	ESCAP	Ministry of National Planning and Economic Development	Provision of advisory report on FDI policies and strategies. Institutional strengthening if Myanmar Investment Commission.
May 2013, Yangon	National Stakeholder Consultation: Business Process Analysis (BPA) for Agricultural Trade Facilitation	Under EU funded SATNET project	Ministry of Commerce	Understanding of BPA methodology and its application; bottlenecks of trade procedures for three agro-products (mango, rice, palm oil) have been identified; and a set of recommendations have been discussed and proposed.
July 2013, Bangkok	Global Value Chains in the GMS	ESCAP	UMFCCI, Mol, MoC	Enhance understanding of cross-border value chains in the manufacturing sector of GMS (automotive, electronics, garment, agro)
July 2013, Yangon	ASEAN Economic Community, RoO, some WTO issues	DTN, MOC-Thailand/IT D	Chamber of commerce, Ministry of commerce	Enhanced understanding of WTO Rules including Rules of Origin

August 2013, Yangon	Training of Trainers Programme on WTO Rules	CWS/IIFT - India	TTI/Ministry of commerce	Enhanced understanding of WTO Rules with a potential additional focus on trade defence measures
July 2013, Bangkok	Global Value Chains in the GMS	ESCAP	UMFCCI, Mol, MoC	Enhance understanding of cross-border value chains in the manufacturing sector of GMS (automotive, electronics, garment, agro)
September 2013	ESCAP Business Advisory Council	OECD, ITC, UNIDO etc	UMFCCI, Yangon	Enhanced capacity for Myanmar Government officials and business community in the area of business and entrepreneurship development, export promotion, legal framework, etc
October 2013, Yangon	Training of Trainers Programme on RTA /AEC and research methodology	CWS/IIFT - India	TTI/Ministry of commerce	Enhanced understanding of WTO Rules and S&DT provisions, especially in light of Myanmar's march 2014 Trade Policy Review by the WTO
November - December 2013, Yangon	Training of Trainers Programme on international trade regime and trade negotiations	CWS/IIFT - India	TTI/Ministry of commerce	Improved capacity on understanding of WTO Rules and S&DT provisions, especially in light of Myanmar's march 2014 Trade Policy Review by the WTO

November - December 2013	Business Process Analysis (BPA) Study for Export of Rice and Mango, and Import of Palm Oil	Under EU funded SATNET project	Independent Study	BPA Study report on Export of Rice and Mango, and Import of Palm Oil
December 2013, Yangon	Global Value Chains, Enterprise Clusters and FDI Promotion	ESCAP	UMFCCI, Mol, MoC	Enhance understanding of cross-border value chains in the manufacturing sector of GMS, related enterprise clusters and FDI promotion
Jan 2013- Jan 2014	Advisory services related to the SME law and Industrial Development Plan	ESCAP	Ministry of Industry	Improve business environment for SMEs by improve regulations that accompanying SME law and drafting of Industrial Development Plan
2013 -2014	Business survey as part of MDR second stage	OECD	UMFCII	Provide better evidence base on conditions facing businesses. To inform policy-development
Proposed workstream – dates to be confirmed	Benefits of Joining the Asia-Pacific Trade Agreement (APTA) for Myanmar	Under APTA promotion XB project	TTI/Ministry of commerce	Under APTA promotion XB project

BRIDGING THE GAP

Trade and Investment Capacity Building for Least Developed and Landlocked Developing Countries in Asia and the Pacific

Bridging the Gap is a new publication series produced by the Trade and Investment Division of ESCAP that disseminates information about our capacity development activities in least developed and landlocked developing countries. The series showcases how we work together with our Member States towards establishing favorable conditions for inclusive and sustainable trade and investment. The series offers valuable information for governments of member states and regional and international development partners.

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Chapter 2: 2013-2014 trade and investment capacity building programme for Myanmar

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Annex: Capacity building programme for Myanmar: Matrix of activities

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