INTERNATIONAL MONETARY FUND

Staff Country Reports

December 1995

IMF Staff Country Report No. 95/126

Myanmar—Recent Economic Developments

This report on recent economic developments in Myanmar was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Myanmar, or the Executive Board of the IMF.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431

Telephone: (202) 623-7430 • Telefax: (202) 623-7201

Telex (RCA): 248331 IMF UR

Internet: publications@imf.org

Price: \$15.00 a copy

International Monetary Fund
Washington, D.C.

This page intentionally left blank

INTERNATIONAL MONETARY FUND

MYANMAR

Recent Economic Developments

Prepared by Mr. J.R. Dodsworth, Mr. Michael Braulke,
Mr. Ulhas Gunjal, and Mr. Paul Heytens (all CTA)

Approved by the Central Asia Department

October 11, 1995

	<u>Contents</u>	<u>Page</u>
I.	Overview	1
II.	Real Sector Developments	2
1.	Economic structure	2
2.	Production	2
a.	Agriculture	3
b.	Livestock and fisheries	3
c.	Forestry	4
d.	Manufacturing and processing	4
e.	Mining	5
f.	Energy	5
g.	Construction	5
3.	Prices, employment, and wages	6
a.	Prices	6
b.	Employment	6
c.	Wages	7
III.	Public Finance	7
1.	Structure of the public sector	7
2.	Fiscal developments during 1991/92-1993/94	8
3.	Fiscal developments in 1994/95	9
4.	Budget for 1995/96	10
5.	State economic enterprises (SEEs)	10
IV.	Money and Credit	12
1.	The banking system	12
2.	Monetary policies and developments	14

<u>Contents</u>	<u>Page</u>
V. External Sector Developments	15
1. Overview	15
2. Merchandise trade	16
a. Exports	16
b. Imports	16
c. Terms of trade	17
d. Direction of trade	17
3. Services and private transfers	17
4. Official grants and capital account	17
5. International reserves, external debt, and external arrears	18
6. Exchange rates	19
VI. Exchange and Trade System	19
1. Trade system	19
a. Public sector trade	20
b. Private sector trade	21
c. Border trade	21
d. Trade subsidies	22
2. Exchange system	22
3. Foreign investment	24
<u>Statistical Tables</u>	
1. Real Gross Domestic Product by Sector, 1989/90-1994/95	26
2. Gross Domestic Product by Sector, 1989/90-1994/95	27
3. Expenditure on Gross Domestic Product at Constant 1985/86 Prices, 1989/90-1994/95	28
4. Expenditure on Gross Domestic Product at Current Prices, 1989/90-1994/95	29
5. Investment and Saving, 1989/90-1994/95	30
6. Gross Domestic Product by Form of Ownership, 1994/95	31
7. Output and Yield of Major Crops, 1989/90-1994/95	32
8. Sown Area for Major Crops, 1989/90-1994/95	33
9. Harvested Acreage Under Major Crops, 1989/90-1994/95	34
10. Production and Utilization of Rice, 1989/90-1994/95	35
11. Supply and Use of Chemical Fertilizers, 1989/90-1994/95	36
12. Government Procurement of Major Crops, 1989/90-1994/95	37
13. Cooperative Societies' Procurement of Major Crops, 1989/90-1994/95	38
14. Purchase Prices of Major Agricultural Products, 1989/90-1994/95	39
15. Prices and Cost of Fertilizers, 1989/90-1994/95	40
16. Production and Utilization of Teak and Hardwood, 1989/90-1994/95	41

<u>Contents</u>	<u>Page</u>
17. Capacity Utilization Ratios, and Output and Capacity Indices for Selected Industrial Enterprises, 1989/90-1994/95	42
18. Production of Selected Minerals, 1989/90-1994/95	43
19. Production, Trade and Consumption of Oil and Natural Gas, 1989/90-1994/95	44
20. Supply of Primary Energy, 1989/90-1994/95	45
21. Domestic Output of Petroleum Products, 1989/90-1994/95	46
22. Use of Petroleum Products by Industry, 1989/90-1994/95	47
23. Official Retail Prices of Major Petroleum Products, 1989-95	48
24. Generation and Consumption of Electricity, 1989/90-1994/95	49
25. Indices of Official and Free Market Prices of Selected Goods, 1991-94	50
26. Prices of Major Products, 1993-95	51
27. Yangon Consumer Price Index, 1989/90-1995	52
28. Population and Employment, 1989/90-1994/95	53
29. Employment and Wages in the Public Sector, 1989/90-1994/95	54
30. Summary of Consolidated Nonfinancial Public Sector Operations, 1991/92-1995/96	55
31. Revenues of Consolidated Nonfinancial Public Sector, 1991/92-1995/96	56
32. Union Government Current Expenditure, 1991/92-1995/96	57
33. Union Government Capital Expenditure, 1991/92-1995/96	58
34. Sectoral Breakdown of SEEs' Current Surplus and Capital Expenditure, 1987/88-1995/96	59
35. Myanmar Agricultural and Rural Development Bank Credit, 1989/90-1995/96	60
36. Monetary Survey, 1990-95	61
37. Bank Deposits and Loans, 1989/90-1994/95	62
38. Selected Interest Rates, 1989-95	63
39. Balance of Payments, 1990/91-1994/95	64
40. Merchandise Exports, 1990/91-1994/95	65
41. Imports by Major Categories, 1990/91-1994/95	66
42. Trade Indices, 1990/91-1994/95	67
43. Direction of Trade, 1990/91-1993/94	68
44. Border Trade Flows, 1990/91-1994/95	69
45. Services Account, 1990/91-1994/95	70
46. Use of Official Grants, 1989/90-1994/95	71
47. Capital Account in the Balance of Payments, 1990/91-1994/95	72
48. Approved and Actual Foreign Direct Investment Inflows, 1990/91-1994/95	73
49. Foreign Direct Investment by Industry, 1990/91-1994/95	74
50. Foreign Direct Investment by Country, 1990/91-1994/95	75
51. International Reserves, 1989/90-1994/95	76

<u>Contents</u>	<u>Page</u>
52. External Medium- and Long-Term Public Debt, and Debt Service Payments, 1989/90-1994/95	77
53. External Arrears, 1989/90-1994/95	78
54. Exports and Imports by Sector, 1987/88-1994/95	79
55. List A--Priority Import Items	80
56. Economic Activities Open to Foreign Investment, June 1995	81
57. Activities Defined Under the State Economic Enterprise Law	82

Annex

I. Principal Features of Myanmar's Tax System	83
---	----

Charts

1. Developments in Agricultural Terms of Trade, 1976/77-1994/95	6a
2. Public Sector Operations, 1991/92-1995/96	8a
3. Exchange Rate Developments, 1980-95	20a

I. Overview

Since 1989, the Myanmar authorities have introduced a number of economic reforms to move away from the long established system of central planning and restructure the economic system along market lines. These reforms lifted restrictions on the agricultural sector, curtailed the scope of price controls, allowed the private sector to expand its role especially in foreign trade, and sought to attract foreign investment. The reforms have, however, been partial and have failed to engineer a decisive transformation of the economic system. In part, this is owing to a reluctance to adjust the exchange rate which has remained fixed since 1977. Some ad hoc exchange reforms have been implemented to move private sector transactions to a parallel exchange market, but virtually all public sector transactions remain at grossly overvalued official exchange rate. In addition to problems of the exchange system, a number of other structural problems need to be addressed including: continued price controls; a deteriorating government revenue base which has given rise to large budget deficits; an inefficient and centrally controlled state enterprise sector; an underdeveloped financial system; and numerous controls and regulations which inhibit growth of the private sector.

Notwithstanding the existence of major structural problems, real economic activity has expanded strongly over the past three years, with the agricultural sector leading the expansion. The recovery in agricultural production, which has primarily concentrated on rice production, has reflected improved price incentives following the liberalization of the sector. A large surge in rice production that was achieved in 1994/95 ^{1/} has greatly benefitted Myanmar's external position as rice exports have risen dramatically. At the same time, while foreign aid has remained minimal, external inflows from private remittances, services and direct investment have been buoyant. Although the overall balance of payments deficit has thus narrowed substantially, the level of gross foreign reserves has been maintained only through the accumulation of external debt service arrears.

The strengthening of growth and external performance has, however, not been accompanied by good financial policies. There has been a widening of the public sector deficit in 1994/95 reflecting a large expansion in government outlays, in particular, capital expenditures, as well as the continued failure of the tax system to generate revenues in line with income growth. The deficit has been financed by substantial recourse to domestic bank financing. Together with an expansion in credit to the private sector, the large public sector borrowing need has caused domestic liquidity to rise sharply. Consequently, consumer price inflation has accelerated, although the parallel market exchange rate has remained broadly stable.

^{1/} The fiscal year runs from April 1 to March 31.

II. Real Sector Developments

1. Economic structure

The Myanma economy is still underdeveloped with a weak infrastructure and a considerable untapped potential in various sectors, particularly in agriculture, mining, fisheries, and forestry. Agriculture (including livestock and fisheries) is by far the most important sector, accounting for 45 percent of real GDP (Table 1), and much of what little manufacturing exists, is agro-based. While in real terms the share of agriculture in GDP decreased by about two percentage points during the past five years, it increased sharply at current prices--from 57 percent in 1989/90 to 63 percent in 1994/95 (Table 2)--reflecting essentially the liberalization of agricultural prices since 1988/89 and the resulting marked improvement in the agricultural terms of trade.

Official national income accounts by expenditure (Tables 3, 4, and 5) need to be interpreted cautiously because (i) the valuation of all foreign exchange related transactions at the official exchange rate has caused the current price data to understate exports, imports, and the import content of investment and consumption, while (ii) the constant price data are distorted not only by a similar valuation bias but also by the use of a dated system of relative prices from the central planning era. Bearing in mind these data limitations, it appears that over the period 1992/93-1994/95 the share of consumption in total GDP rose somewhat, while the share of gross investment declined. Consumption absorbs an overwhelmingly large proportion of income--close to 90 percent. Within gross capital formation, the public sector's share has risen at the expense of the private sector's, reflecting the recent acceleration in the Government's capital outlays. The bulk of capital formation is financed by national savings, the share of foreign savings being very low.

The private sector accounted for 76 percent of real GDP and virtually all of value added in agriculture, livestock and fisheries in 1994/95 (Table 6). However, other sectors such as mining, power, construction, communications, financial, social and other services continue to be dominated by the state. The private sector is, however, slowly gaining ground in these sectors as well. Much of this gain has come at the expense of the cooperative sector, which has become marginal, except in the financial sector where it has played an increasing role in the provision of agricultural credit.

2. Production

The rapid economic growth of 1992/93-1994/95, which averaged over 7 percent per year, has allowed the economy to recoup much of what it lost in 1988/89 and 1991/92. However, on a per capita basis, neither GDP nor agricultural output have yet recovered to the levels reached in the mid-1980s. The strong GDP growth achieved in 1994/95 essentially reflected continued good performance of the agricultural sector and a further rapid

expansion of the financial sector. Growth in mining, manufacturing, and construction, however, slowed considerably. Moreover, forestry output declined sharply in 1994/95, following a government-imposed ban on log exports.

a. Agriculture

Agriculture is the backbone of the economy, accounting for more than half of GDP at current prices and employing almost two thirds of the labor force. Paddy is by far the dominant crop, and is planted on about half of the cultivated area of about 12,000 hectares. Next in importance are pulses--which have become a key export crop for the private sector--and sesame; these account for 15 and 10 percent, respectively, of the area sown. When viewed against Myanmar's agricultural potential--with rich soils, an abundance of water, and substantial reserves of arable land--past efforts to promote agriculture have met with limited success. Constrained by the persistent shortages of critical inputs such as fertilizer, pesticides, and fuel, yields of most major crops have stagnated, with the notable exception of pulses and oilseeds (Table 7). Thus, over the period 1989/90-1994/95, while agricultural value added rose by 24 percent, both sown and harvested area expanded somewhat faster (Tables 8 and 9).

The bulk of the recent strong growth in agricultural production was concentrated in paddy and pulses. After the already large increases of the previous two years, paddy production rose to a record 19 million tons in 1994/95, permitting the volume of official rice exports to rise to a level that had not been reached since the early 1980s (Table 10). During the past three years, paddy production has benefitted from the doubling of the irrigated area (to 1 million hectares)--which has allowed widespread double and triple cropping--and a significantly increased allocation of fertilizer (Table 11). The main impetus to the revival of the paddy sector, however, came from price liberalization and the termination of forced procurement. Although the Government and, on a smaller scale, the cooperatives continue to procure a sizeable share of the paddy crop at below market prices (Tables 12 and 13), this primarily occurs under a complicated advance purchase scheme that links crop procurement to the distribution of inputs at below market prices, free irrigation services, and credit with delivery contracts. Given the sharp increases in free market prices (Table 14), paddy farming has again become highly attractive. Although production of pulses does not enjoy a similar preferential treatment in the supply of inputs, it also is highly attractive, since pulses are one of the few readily marketable crops that the private sector is permitted to export. With both state agencies and the private sector competing for the exportable surplus, the prices of pulses have greatly improved, causing production to rise at an even faster pace than paddy.

b. Livestock and fisheries

Performance of the livestock and fisheries sectors has been modest in the past several years. While meat and livestock production has continued

to be hampered by the slow growth of domestic feedstuff output, the more important fisheries sector has continued to suffer from severe capacity constraints and inadequate supplies of fuel for refrigeration plants. The authorities' program to lease out most of the state-owned vessels and processing facilities to private sector operators was completed in 1994/95, but has done little to improve the situation so far. A major investment effort is needed to develop the sector's potential, but after the earlier unsatisfactory experience with foreign fishing companies, the authorities have focussed increasingly on the formation of joint ventures. New fishing rights are granted to foreign investors only if they are prepared to invest in onshore processing facilities or in aquaculture.

c. Forestry

The forestry sector, traditionally a major source of foreign exchange earnings, stagnated throughout the 1970s and most of the 1980s. Towards the end of the decade, forestry output experienced a short-lived boom as the Government opened the sector to foreign companies while Thailand introduced a general ban on logging. However, environmental concerns over the resulting indiscriminate logging activity, much of which was illegal, led the authorities to gradually scale down forest extraction by not renewing expiring concessions. This policy, combined with the chronic neglect of the sector and the resulting dilapidation of domestic extraction and processing facilities, accounts for the continued decline in forestry production (Table 16).

Myanmar's forests are rich in teak and numerous other commercially attractive hardwoods. With extraction rates in the past generally below 50 percent of the sustainable cut, the country's forests have remained largely intact. Nevertheless, the experiences of neighboring countries prompted the authorities to reinstate a ban on log exports in May 1994, while actively encouraging foreign and domestic investment in wood processing industries and the export of semifinished and finished wood products.

d. Manufacturing and processing

Much of Myanmar's industry is agro-based. Consequently, in parallel with strong agricultural growth, manufacturing output rose markedly during the past three years--at an average annual rate of about 10 percent. However, chronic input shortages, including an inadequate energy supply, and poor maintenance have continued to cause underutilization of production capacity in the manufacturing sector (Table 17). There are, however, wide disparities between capacity utilization rates of individual subsectors. Capacity utilization was lowest in the Myanmar Heavy Industries (21 percent) and highest in the ceramic industries (73 percent).

e. Mining

After years of stagnation due to inadequate investment and political unrest in the border areas, the mining sector rebounded sharply in 1991/92 and 1992/93. The sector has, subsequently, grown at double digit rates. Much of the recent growth derives from gains realized in copper and gold mining (Table 18), reflecting agreements between the state sector and foreign investors, as well as in natural gas production reflecting the discovery of a new onshore field at Aphyauk (Table 19). By contrast, domestic production of crude oil has declined gradually over the past several years, owing in part to the exhaustion of existing fields and the shortage of financing to upgrade production facilities.

Although all mining activity is, in principle, reserved for the state, the authorities have recently entered into cooperation arrangements with domestic entrepreneurs. Moreover, the extensive private mining of gold, precious stones, and jade was recently legalized subject to the condition that the output would be sold to the state trading agencies. Although the latter have paid only about half of the market price, the new arrangements have so far worked reasonably well.

f. Energy

Domestic crude oil and gas, supplemented in recent years by sizeable net imports of crude oil and diesel, have been Myanmar's primary sources of energy. By contrast, coal and hydroelectricity have played only a marginal role (Table 20). The recent surge in the production of natural gas, which is mostly used to generate electricity, supplemented by rising imports of crude oil and diesel, has led to an improved domestic energy supply. Nevertheless, availability of energy remains a problem and continues to be rationed. Data on actual consumption of petroleum products by sector are not available as a major portion of the official allocation (Table 22) sold at controlled prices is resold in the secondary market. Actual consumption of electricity by sector is also not known, given large distribution losses resulting from illegal tapping, underinvoicing, and a poor transmission network. As for energy prices, gasoline, diesel fuel, and electricity prices were raised by substantial margins in 1994, after being fixed for several years (Tables 23 and 24). Petroleum product prices still remain substantially below world market prices.

g. Construction

Construction activity has expanded rapidly in the past several years, reflecting the Government's emphasis on the rehabilitation of infrastructure, both in Yangon and in border regions, and vigorous construction activity in the private sector. However, the pace of this expansion slowed down in 1994/95, owing to the shortages of building materials and construction equipment.

3. Prices, employment, and wages

a. Prices

Myanmar's pricing system for goods distributed by the public sector is extremely complex. Official selling prices of most such goods and services are established on the basis of rigidly determined costs estimated under the economic plan. These often fail to cover actual capital consumption at replacement cost and regularly value import content at the grossly overvalued official exchange rate. As a result, the public sector supplies goods at official prices, which are set substantially below free market prices (Tables 25 and 26). This price system is further complicated by the existence of so-called "mixed" prices, which are charged for certain goods supplied to the private sector and are required to be paid at least partially in foreign exchange.

While the official consumer price index suffers from a number of defects, such as the exclusion of the rural sector and a dated consumption basket, it does capture developments in a broad range of official and free market prices. According to this index, inflation accelerated to 27 percent in 1994/95 and further to 33 percent in June 1995 (Table 27), largely reflecting continued rapid liquidity growth resulting mainly from bank financing of the budget deficit. Whereas in previous years the most rapid price increases have been for food and beverages, which together account for almost two thirds of the basket, the price increases for this category have slowed down markedly owing to the continued strong growth in domestic food production.

Myanmar's piecemeal market-oriented reforms have brought about a marked change in its relative prices. In the late 1960s, the authorities started using official pricing and procurement policies to keep agricultural prices low, in particular of agricultural staples and raw materials, in order to foster industrialization. This policy failed to achieve its goal, and only succeeded in depressing agricultural production and real incomes. Available data indicates that the agricultural terms of trade (as measured by the relative movements of the agricultural and nonagricultural GDP deflators or of food and nonfood prices in the CPI) continued to deteriorate well into the early 1980s (Chart 1). Following several years in which no clear trend is discernible, the agricultural terms of trade started recovering towards the end of the decade, with the recovery gaining full momentum only after 1989 when forced procurement was cut back substantially and a gradual liberalization of agricultural trade and pricing began. As a result, the agricultural sector seems to have largely regained what it had lost through decades of a failed policy.

b. Employment

Between 1989/90 and 1994/95, total employment rose on average by 2.5 percent per annum, significantly faster than population growth, which is estimated at 1.9 percent (Table 28). The bulk of the 2 million new jobs

CHART 1
MYANMAR
DEVELOPMENTS IN AGRICULTURAL TERMS OF TRADE, 1976/77-1994/95

Source: Data provided by the Myanma authorities; and staff estimates.

This page intentionally left blank

created during this period were in the private sector, notably in agriculture, manufacturing, and trade. More recently, employment grew particularly rapidly in mining and construction, but these sectors are too small to make much of an impact on overall employment growth.

The sectoral distribution of employment has undergone little variation over this period. The share of the primary sector, comprising agriculture, livestock and fisheries, forestry, and mining, slightly declined from 70 percent in 1989/90 to 69 percent in 1994/95 while that of the secondary sector, comprising manufacturing and processing, construction, and power, correspondingly rose from 9 percent to 10 percent. The tertiary sector, comprising services, maintained their share at about 21 percent.

Unemployment statistics are not compiled on a regular basis. However, based on the estimates derived from the Myanmar Labor Force Survey of 1990, open unemployment has remained at about 5-6 percent. In addition, substantial seasonal and hidden unemployment is known to prevail in the large agricultural labor force.

c. Wages

While wage developments in the private sector are not officially monitored, it is believed that except in the services sector, private sector wages have generally kept up with the rate of inflation. This is not the case in the public sector. After substantial wage awards in October 1988 and April 1989, public sector wages were not raised until April 1993 (Table 29). While the first two raises together doubled real public sector wages, thus largely recouping previous real income losses, the increase in 1993 was well below the rate of inflation. The average real wage in the public sector in 1994/95 was thus only about two thirds of its level in 1985/86.

III. Public Finance

1. Structure of the public sector

The public sector in Myanmar comprises the Union Government, local authorities, and 58 state economic enterprises (SEEs), including 7 financial institutions. The Union Government currently includes the State Law and Order Restoration Council (SLORC), other central government organizations, and ministries and departments. The local authorities consist of the municipalities and townships serviced by the town and city development

committees. The SEEs are obliged to contribute net receipts to the budget, and depend on the budget for the financing of working capital and investment. ^{1/}

2. Fiscal developments during 1991/92-1993/94

A summary of the consolidated nonfinancial public sector operations is presented in Table 30 and Chart 2. A key feature of fiscal developments during the period 1991/92-1993/94 was that the Government was able to reduce its overall deficit, in the face of a declining revenue-to-GDP ratio, by lowering its overall expenditures. During this period, revenues dropped as a share of GDP from 9.6 percent to 7.7 percent, reflecting a number of systemic problems with tax policy as well as administration (see below). Since the Government responded to this development by reducing overall expenditures from 16.8 percent of GDP to 12.5 percent, the deficit-to-GDP ratio fell from 7 percent to 4.6 percent. In the virtual absence of external financing, these deficits had to be covered by bank credit, which the Government obtained through sale of treasury bills to the central bank. At the same time, there was an accumulation of arrears on external debt service payments.

The Government has traditionally undertaxed economic activity as reflected in the extremely low revenue-to-GDP ratios. About three quarters of government revenue is accounted for income taxes, the commercial tax, customs duties, and transfers from state enterprises (Table 31). ^{2/} Most of these taxes are levied ineffectively, and their yields fail to keep pace with overall income growth. The income tax is applied with numerous exemptions, which are intended to encourage investment. The commercial tax is levied, in the case of most taxable goods, with four different rates and, in the case of certain taxable luxuries, with eight special rates. Sixty-five goods, including food items, other agricultural products, and some energy sources are, however, exempted from sales taxes. This, in conjunction with the use of an extremely low land tax, has kept the agricultural sector, which accounts for over half of GDP, largely outside the tax net. With much of the recent strong growth concentrated in agriculture, tax exemption of agriculture has significantly contributed to the declining trend in the revenue-to-GDP ratio. Similarly, customs duties are applied with a large number of rates--23 rates ranging from zero to 500 percent. Moreover, the present basis for the valuation of dutiable imports severely undermines customs collection, since it hinges on the overvalued official exchange rate. The policy of setting prices of state enterprise products below market levels has also been responsible for depressing their budgetary contributions.

^{1/} The SEEs have no independent accounts; their transactions occur through subaccounts in the State Fund Account; and they are not allowed to borrow directly from the banking system (see Section III.5).

^{2/} For a description of the tax system, see Annex I.

CHART 2
MYANMAR
PUBLIC SECTOR OPERATIONS, 1991/92-1995/96
(In percent of GDP)

Source: Data provided by the Myanmar authorities.

This page intentionally left blank

While the Government has shrunk overall expenditures by lowering both current and capital expenditures, the latter were cut more drastically than the former. As a result, capital expenditures were less than 3 percent of GDP in 1993/94, down from 5.7 percent in 1991/92, whereas current expenditures declined from 10.9 to 9.8 percent of GDP during the same period. This decline in current spending was achieved by allowing civil service wages to fall in real terms and by reducing expenditures on social services. On the other hand, over this period, defense spending rose from 3.3 to 4.0 percent of GDP. The Government's expenditure reduction was thus accompanied by a re-allocation of outlays from capital development and social services to military uses.

3. Fiscal developments in 1994/95

Developments in 1994/95 reversed the fiscal trends of the previous three years. While government revenues and current expenditures continued to shrink in relation to GDP, capital expenditures rose significantly, albeit from a very low base. ^{1/} Consequently, the overall deficit expanded to 6.3 percent of GDP and, in the virtual absence of external financing, was covered, as in the past, by central bank credit.

Given only the moderate revenue measures that were introduced during 1994/95 (see below), the revenue-to-GDP ratio declined by half-a-percentage point to 7.2 percent. This decline also reflected the inability of commercial tax collection to keep pace with income growth; a sluggish growth in customs revenues; and a decline in receipts from property taxation. As real GDP growth was primarily concentrated in agriculture, which is not captured by the commercial tax net, revenues therefrom fell relative to GDP. Moreover, customs duty collections rose by only 2 percent in nominal terms owing to a small expansion in the volume of normal trade which was offset, in part, by a reduction in the volume of border trade with Thailand and Bangladesh. Receipts from property taxation declined following a ban on log exports that caused a loss of forestry income. Proceeds from the sales of government capital assets were also lower in 1994/95 compared with the level of the previous year.

The Government made the following changes to income and commercial taxes in 1994/95. First, the structure of income tax rates was revised to lower tax rates while the maximum tax rate was unchanged at 30 percent. Second, the minimum threshold for annual taxable income was revised from K 19,000 to K 300,000 for civil servants and other public sector employees,

^{1/} The level of bank financing recorded in the monetary survey suggests that in 1994/95 actual expenditures were higher by K 5.4 billion (1.2 percent of GDP) than were recorded in the budget accounts. As until the budget accounts have been finalized, it would not be possible to determine whether these were current or capital expenditures, they have been included in Table 30 as "unidentified expenditures."

and, to K 25,000 for private sector workers. 1/ Third, a new 10 percent income tax, payable in foreign currency, was imposed on persons who are paid in foreign currency. Fourth, all exporters were required to pay a 5 percent commercial tax, payable in foreign currency, on their export earnings. Finally, the Government offered a partial tax amnesty--the third of its kind--to tax evaders by announcing a flat 20 percent tax on all voluntarily-disclosed black money holdings with a minimum value of K 500,000.

Current expenditures shrank by 1.5 percentage points to 8.3 percent of GDP in 1994/95 as the Government continued to compress social service outlays and refrained from raising civil service wages (Table 32), but also because it reversed the trend in defense expenditures which declined relative to GDP. On the other hand, capital expenditures rose to 4 percent of GDP following an acceleration of spending on public works and housing construction for low-income groups (Table 33).

4. Budget for 1995/96

The budget for 1995/96 seeks to reduce the overall deficit to 4.2 percent of GDP. This adjustment is envisaged to come about exclusively from expenditure reduction since no new revenue measures have been incorporated in the budget. Given the traditional lack of buoyancy in the tax system, the revenue-to-GDP ratio is projected to decline further to 5.9 percent of GDP. Within current expenditures, the public sector wage bill and the transfers needed to cover the state enterprise deficit are expected to fall, with defense spending remaining unchanged in relation to GDP. At the same time, capital expenditures are projected to slow down following the significant increase in 1994/95. As little external financing is expected, the Government plans to continue to rely on central bank credit for deficit financing.

5. State economic enterprises (SEEs)

The state enterprise sector, whose operations are currently integrated with the budget, plays an important role in economic activity: it accounts for about 22 percent of GDP, and over half of the industrial value added. It accounts for 50 percent of exports and 40 percent of imports and contributes about 40 percent of tax revenues, through payments of commercial tax, customs duty and income tax. The state enterprise sector's share in overall employment is, however, small at only about 8 percent, since its role in the primary sectors, which account for the bulk of employment, is negligible.

At the beginning of 1989/90, the Government modified the system of financial management of the state enterprises with the aim of making them commercially profitable. Under the new system, the Government relieved the

1/ This has exempted virtually all public sector salaries from taxation, causing a revenue loss of about K 20 million.

SEEs of the heavy interest burden of their accumulated bank loans, by converting the latter into noninterest-bearing government equities. Since that time, state enterprises have no longer been allowed to borrow from the banking system in their own right, and their budgets are formulated by their respective line ministries and finalized by the Ministry of Finance and Revenue before being approved by the Cabinet. Moreover, the Government has established with the Central Bank a pool account called the State Fund Account (SFA), to which all domestic currency receipts of the SEEs are credited and all domestic currency expenditures are debited. The bulk of foreign currency receipts of the SEEs are surrendered to the Government at the official exchange rate. All investment proposals of the SEEs are fitted within the Government's plan for capital expenditures. Within this basic framework, the Government sought to give the SEEs a limited measure of autonomy when, in 1993, it introduced foreign currency revolving funds. The latter were established with the initial provision of resources by the Government, but could be supplemented by the SEEs with resources generated by trading activities financed from the revolving funds themselves. The various line ministries have the authority to make use of the revolving funds without prior approval of the Ministry of Finance and Revenue.

As a consequence of other reform measures, the SEEs now benefit from a dual pricing system. That is to say, they can sell at free market prices any surplus of production remaining after government procurement or other state enterprise requirements. It is estimated that, in view of the low capacity utilization, only about a quarter of the state enterprise sector output is currently sold on the free market. Second, the state enterprise sector now competes with the private sector in purchasing crops needed as industrial raw materials, with the cessation of compulsory procurement at official prices. This has, at times, led the SEEs to offer higher prices to commercial farmers than were offered by the private traders. Finally, privatization of the SEEs has started, mostly in the form of either leasing state enterprise assets to the private sector or the establishment of joint ventures. While the overall extent of leasing is not yet known, 25 manufacturing enterprises under the Ministries of Industries 1 and 2 and about half of the state-owned hotels have been leased out. Moreover, the majority of 131 foreign investments, approved in the value of \$2.57 billion as of May 1995, have been proposed through joint ventures with the SEEs.

The combined net impact of the various reforms on the financial position of the state enterprise sector is difficult to ascertain. Accounts of the SEEs, aggregated over sectors and presented in Table 34, indicate that the state enterprise sector achieved a breakeven position in 1991/92, which improved to a surplus position in 1992/93, but deteriorated into a deficit position in 1993/94. This deficit declined in 1994/95 in absolute terms. Looking ahead to 1995/96, the Government has budgeted the state enterprise sector to move into surplus. The prevailing complex pattern of cross-subsidies as well as of nonmarket arrangements between the various SEEs, however, make it difficult to use these figures for measuring the overall efficiency of the state enterprise sector.

The current financial weaknesses of the state enterprise sector reflect the inability of the Government to harden the budget constraint as well as insufficient managerial autonomy granted to the individual SEEs. Incorporation of the SEEs' finances into the budget has aggravated the problem by loosening the budget constraint and limiting the autonomy of the SEEs. In addition, state enterprise performance is constrained by the distortionary macroeconomic environment, which includes an overvalued exchange rate and a rigid price control system. These factors have been responsible for creating shortages of key raw materials that have effectively lowered capacity utilization in several SEEs. Thus, while the Government has begun the reform process, much remains to be done to put the SEEs on a financially viable basis.

IV. Money and Credit

1. The banking system

Myanmar's banking system has passed through several phases of reorganization since the nationalization in 1963 of all domestic and foreign banks as well as of other financial institutions. The legal framework of the present banking system is defined by three laws promulgated in July 1990: (i) the Central Bank Law that provides the rules and regulations for the execution of the central bank responsibility; (ii) the Financial Institutions Law that has become the basis for the establishment of private commercial banks; and (iii) the Myanma Agricultural and Rural Development Bank Law that governs the activities of the state-owned bank of the same name.

The banking system essentially consists of five banks wholly owned by the state and several newly established private domestic banks. The state-owned banks are the Central Bank of Myanmar and four commercial banks--the Myanma Economic Bank (MEB), the Myanma Investment and Commercial Bank (MICB), the Myanma Foreign Trade Bank (MFTB), and the Myanma Agricultural and Rural Development Bank (MARDB)--which dominate the banking sector. There is also an extensive informal credit market.

The MEB, which is the largest among all the banks, handles the bulk of domestic currency transactions of the private sector and, in addition, since April 1989 has been managing the government accounts on behalf of the Central Bank. Since its network of branch offices is the most extensive, it administers the Central Bank's vault in the countryside and, in remote areas, maintains foreign exchange accounts on behalf of the two other state-owned banks. The MEB has, however, been seriously burdened by zero-interest-bearing government equity since 1989 when the Government assumed all outstanding state enterprise debt and incorporated their accounts into the State Fund Account. ^{1/} Its profitability suffered further with the

^{1/} See section III.5.

separation in September 1990 of its former subsidiary, the MICB, and, in particular, on account of sizeable interest-free loans which were extended to civil servants during 1990-93 in the context of a Government program to promote new housing construction. Left with large nonperforming assets and various nonremunerated quasi-sovereign responsibilities, the MEB has been incurring substantial losses.

The MICB is, by contrast, a profitable operation. Since it was established to meet specific banking needs of foreign investors and joint ventures as well as of importers and exporters, it was awarded at the outset the right to deal in both local and foreign currencies. This gave it a competitive edge vis-à-vis other state-owned banks while ending the long-standing monopoly of the MFTB in foreign currency operations. Its clientele presently comprises private companies, joint ventures, and private individuals, but excludes public sector entities.

The bulk of foreign exchange transactions are still handled by the MFTB. Its operations have been highly profitable, particularly since January 1989 when Myanma citizens were allowed to open foreign exchange accounts, with the provision that such accounts would be noninterest-bearing and be held exclusively with the MFTB. ^{1/} Since early 1990, transfers of foreign exchange among account holders have been permitted in an increasingly liberal manner, but, in line with the Government's official exchange rate policy, the banks have refrained from monitoring the implicit exchange rates at which such transactions have been occurring.

The MARDB extends short-term crop loans and, on a much smaller scale, also longer-term loans for the purchase of draft animals and equipment. It lends through an extensive network of mostly cooperative village banks which on-lend funds to individual borrowers and collectively guarantee repayment. Accordingly, the recovery rate has been very good (Table 35). Effective April 1995, loan limits were sharply raised for virtually all crops, with the result that seasonal lending rose sharply.

The Central Bank began licensing private banks in February 1992. Since then 15 private domestic banks have been founded, with the largest four among them being granted the right to conduct foreign exchange transactions. Foreign banks have thus far been permitted only to open representative offices but not to actually transact business. In order to encourage the existing private banks to expand branch networks, no new banks have been licensed since mid-1994.

^{1/} As of end-July 1995, over 57,000 such accounts existed. About 90 percent of these accounts are held with the MFTB, another 10 percent with the MICB, and only a small balance with the four private banks which are entitled to conduct foreign currency transactions.

2. Monetary policies and developments

Monetary developments in Myanmar have been dominated by the financing needs of the public sector. Central Bank financing of the government budget deficit and, through the State Fund Account, of the state enterprise deficits continues to be largely automatic. These deficits are routinely covered through the sale of treasury bills to the Central Bank, which carry a nominal interest of 4 percent per annum. ^{1/} Driven primarily by bank financing of large and growing budget deficits, monetary expansion has been rapid during the past several years with broad money growth typically in the 30-40 percent range. Thus, as the Government's recourse to bank financing expanded significantly, monetary expansion accelerated sharply from 23 percent in 1993/94 to 39 percent in 1994/95 (Table 36). ^{2/}

As the Central Bank has an accommodating role in providing finance to the public sector, monetary policy has focussed on exerting control over private sector credit. The effectiveness of its control has, however, remained limited in practice by the scarcity of policy instruments at its disposal. In the recent past, the Central Bank has relied essentially on changes in the central bank rate and in reserve and capital adequacy ratios. Notwithstanding a recent tightening of capital adequacy ratios and an increase in the central bank rate (see below), the Central Bank's policy stance vis-à-vis the private sector has been fairly liberal. The private sector's share in total domestic credit rose rapidly from 5 percent in 1989/90 to 20 percent in 1992/93 (Table 37). Since then the share has tended to level off, largely because of a lack of creditworthy projects rather than as a result of tight credit policies.

Commercial bank deposit and lending rates are required, by law, to stay within a band of -3 to +6 percent around the central bank rate. Consequently, after several years of stability, interest rates rose in January 1995 when the Central Bank adjusted its rate upward by a margin of 1.5 percentage point (Table 38). Even after this change, interest rates in Myanmar have continued to be strongly negative in real terms.

Monetary survey data indicate the continued existence of an extensive informal credit market, as suggested by a high currency-to-deposit ratio, which has recently shown a rising trend. Indeed, as of end-1994/95, over 90 percent of narrow money circulated in the form of currency. This attests to the fact that the formal banking system has not succeeded in capturing savings, owing to the prevalence of negative real interest rates on

^{1/} The authorities also offer three-year and five-year treasury bonds to the public, but owing to the unattractive interest rates, the volume of sales has remained very small.

^{2/} It should be noted that Foreign Exchange Certificates (FECs) are not included in the domestic liquidity as recorded in the monetary survey. As of end-March 1995, the FECs in circulation amounted to less than one percent of domestic liquidity, when valued at the parallel market exchange rate.

deposits, the lack of access by a large proportion of the rural population to banking facilities, and low public confidence in the domestic banking system.

V. External Sector Developments

1. Overview

After many years of highly inward looking policies, starting in the late 1980s, Myanmar adopted a series of piecemeal market reforms which allowed the private sector a role in all sectors of the economy, particularly external trade, and encouraged foreign investment. Accordingly, border trade was allowed, attempts were made to stimulate normal (nonborder) trade, including by allowing private exporters to retain a portion of their export earnings and various countertrade arrangements, and the Foreign Investment Law was enacted to encourage foreign direct investment. The reforms have permitted more than one half of foreign exchange transactions to take place at the free market rate. ^{1/} The official exchange rate, however, has been maintained at its 1977 level.

Both exports and imports grew rapidly in response to the reforms. The balance of payments has also benefitted from large receipts of royalties from oil and gas exploration and land lease payments from foreign hotel operators, increased foreign direct investment in extractive industries and hotel construction, and a rise in receipts from tourism and private remittances. This was particularly evident in 1994/95, during which the overall balance of payments strengthened considerably, narrowing to a deficit of \$50 million, in comparison with the deficits of well over \$200 million in each of the past three years (Table 39).

Despite a clear easing of the foreign exchange shortage, Myanmar's balance of payments position continues to be precarious. The intrinsic weakness of the external position is illustrated by the fact that Myanmar has maintained a stable level of foreign exchange reserves in terms of import coverage only through the accumulation of arrears on external debt service obligations. Moreover, the slow progress toward market reforms, combined with a limited access to external assistance, cast doubt on whether the recent easing of the foreign exchange shortage is sustainable over the medium term.

^{1/} In 1994/95, an estimated 75 percent of imports and 65 percent of exports were transacted at the parallel market exchange rate.

2. Merchandise trade

a. Exports

Merchandise exports continued their strong growth in 1994/95, expanding by 16 1/2 percent in dollar terms, despite a sharp drop in the volume of teak and hardwood log exports (Table 40). The latter was caused by a ban on log exports, which was introduced in May 1994 to protect forests and encourage exports of finished and semifinished wood products. The main source of export growth in 1994/95 was rice exports, which rose dramatically--almost four-fold--to over 1 million metric tons. About one half of this amount was exported to Indonesia which suffered crop failure due to drought. Rubber, base metals and ores, and marine products also registered strong increases, but from low base levels. Pulses and beans exports increased by over 10 percent in value terms, despite a 20 percent drop in volume.

Although there has been a positive response from private exporters to measures to promote external trade, Myanmar's export base has remained narrowly concentrated in agricultural and forestry sectors. Rice, teak, and pulses and beans accounted for 56 percent of export value in 1994/95, in comparison with about 50 percent in 1990/91. Furthermore, rice and teak exports have remained firmly under public sector control.

b. Imports

The most significant initial outcome of the liberalization of external trade was a sharp shift toward consumer goods imports and away from capital and intermediate goods (Table 41). Prior to the reforms, consumer goods accounted for less 10 percent of imports. This share jumped to over 30 percent in the late 1980s just after the inception of reform and reached almost 50 percent in 1992/93 in response to the progressive relaxation of trade restrictions on the private sector and state enterprises. ^{1/} In particular, with the removal of some restrictions on the use of retained foreign exchange earnings and other import schemes, private sector importers were permitted to import high-value consumer goods.

Following the initial surge in consumer good imports, the share of consumer goods has fallen back to about one third of the total imports in the past two years as capital and intermediate goods imports have grown at a faster pace. This has been largely in response to higher foreign investment and rapid growth of manufacturing output. In 1994/95, imported capital and intermediate goods were more than twice their 1992/93 levels in value terms, reflecting buoyant construction activity, particularly of new hotels, and increased government spending on infrastructural projects.

^{1/} Some of this initial increase, of course, reflected only a more comprehensive recording of imports following normalization of border trade.

c. Terms of trade

For the first time in several years, Myanmar's terms of trade are estimated to have improved in 1994/95 (Table 42), as export prices of rice, rubber, and pulses and beans rose significantly while import prices rose moderately.

d. Direction of trade

There has been a marked decline in imports originating in industrial countries with a corresponding rise in the share from Asia following the implementation of reforms in the late 1980. Although this trend has slowed considerably, it has still been evident in recent years (Table 43). On the other hand, the export share of industrial countries has remained relatively stable at about 10 percent while the share of Asian countries increased from 60 percent to about 80 percent in the late 1980s at the expense of "other," mainly African countries, and has remained at about that level in recent years. India continues to be an important export market for agricultural commodities, mainly pulses and beans. China and Thailand continue to dominate Myanmar's border trade (Table 44).

3. Services and private transfers

Major developments in the services account, which was in surplus for the third consecutive year in 1994/95, were a strong growth in tourism receipts and continued receipt of signature bonuses from foreign companies for energy and mineral exploration (Table 45). Buoyant tourism earnings reflected the Government's successful efforts to develop the tourist sector, including a ten-fold increase in hotel rooms (to 5,000 rooms) achieved in the past three years, the start of regular air services to major tourist destinations, and the introduction of Foreign Exchange Certificates (FECs) which effectively legalized the parallel exchange market for foreign visitors. Receipts from "other nonfactor services" were relatively strong in 1994/95 reflecting both signature bonuses and land lease payments from foreign hotel operators.

The dramatic expansion in net private transfers over the past two years resulted from higher remittances from Myanmar nationals working abroad. This, in turn, reflected an almost doubling of the number of overseas workers in the past two years, the liberalization of surrender requirements on private inflows, and the linking of domestic banks with the international financial system.

4. Official grants and the capital account

After declining through 1990/91, official grants rose sharply thereafter. This increase reflects higher grants received from the various

UN agencies and debt relief grants provided by Japan (Table 46). The latter are provided in amounts equal to debt service payments made to the Government of Japan. ^{1/}

Developments in the capital account in recent years have been dominated by foreign direct investment, as official financing flows have become less significant (Table 47). However, for the first time in several years, disbursements of medium- and long-term capital rose significantly in 1994/95 owing to a number of new loans provided by the Chinese government, mainly for projects in railways and fisheries.

Foreign direct investment recovered significantly in 1994/95 to almost \$250 million, after falling below \$100 million in 1993/94 (Tables 48-50). The drop in investment in 1993/94 reflected the termination of some contracts by foreign mining companies due to the lack of commercially viable reserves of nonferrous metals such as tin and tungsten. The rebound in 1994/95 was propelled by the renewal of investment in the energy sector as well as a surge in new hotel construction.

5. International reserves, external debt, and external arrears

The Government's recent debt service policy has essentially reflected the needs of its reserves policy. Bilateral debt has not been serviced until the target for international reserves, essential import needs, and obligations to multilateral donors have been met. Within bilateral debt, Myanmar has serviced on a timely basis its debt to the United States, since it has been small and payable in kyat, and partially met its obligations to Japan where grant aid has been available. The strengthening of the balance of payments in 1994/95 permitted international reserves to grow to \$340 million, with import coverage rising slightly to 2 1/2 months (Table 51).

Myanmar's medium- and long-term external debt, currently at about \$5.5 billion, is held exclusively by the public sector following the consolidation of all accounts under the State Fund (Table 52). The share of concessional loans at end 1993/94 stood at about 90 percent. Of these, about 75 percent are owed to bilateral creditors, primarily Japan and the former Federal Republic of Germany. The remainder of the concessional debt is owed to multilateral institutions, primarily to IDA and AsDB. Of the nonconcessional debt (excluding arrears), about 65 percent comprises suppliers' credits and the balance is owed to foreign financial institutions. The recent export growth, in conjunction with the decline in

^{1/} The Japan debt relief grants have been provided as follows. Debt payments are made into a blocked Japanese Government account. Myanmar is subsequently allowed to import goods using this account. The debt relief has essentially been untied--there is only a small negative list of goods that cannot be imported (e.g., military goods).

debt service, has reduced Myanmar's (scheduled) debt service ratio from 45 percent in 1990/91 to 32 percent in 1994/95 in terms of merchandise exports.

The outstanding stock of external debt service arrears rose by \$137 million to almost \$1.5 billion at end 1994/95 (Table 53). As Myanmar has met all of its multilateral debt service obligations, the arrears have all been accumulated on bilateral official and private debt. Of the arrears, over 75 percent are owed to bilateral official creditors, the share owed to Japan being the largest at about 60 percent of the total arrears. The remainder is owed to private creditors (suppliers and financial institutions). At the July 1995 Paris Club meeting, creditors agreed to send a message to Myanmar that it should use a multilateral route via a Fund program to settle its arrears.

6. Exchange rates

The kyat has remained pegged to the SDR at the rate of K 8.5 per SDR since May 1977. The increasing divergence of Myanmar's inflation rate from that of its major trading partners has caused the real effective exchange rate to appreciate almost six-fold since the mid-1980s (Chart 3). The parallel market exchange rate, which has in recent years ranged between 16-20 times more depreciated than the official exchange rate, has been relatively stable at K 105-115-US\$1 during the past two years. This relative stability of the exchange rate is believed to have resulted from substantial foreign exchange inflows, particularly from private remittances received during the period. Consequently, the real effective parallel exchange rate has also appreciated during the past two years.

VI. Exchange and Trade System ^{1/}

1. Trade system

Prior to October 1988, legal trade was the exclusive domain of the state sector, mainly state economic enterprises (SEEs), and was governed by the Government's foreign exchange budget. ^{2/} The sharp increase in the private sector's share of trade following 1988 reflects the effects of the steps taken to legitimize the previously illegal border trading as well as of measures implemented to facilitate increased private sector

^{1/} A detailed description of Myanmar's exchange and trade system as of December 1994 will be available in the forthcoming 1995 Annual Report on Exchange Arrangements and Exchange Restrictions.

^{2/} However, there had always been a relatively large volume of illegal trading by the private sector, particularly across the border with neighboring countries.

participation. The private sector's share in total trade has risen steadily since the inception of reforms, and accounted for 60 percent of imports and 50 percent of exports in 1994/95 (Table 54).

a. Public sector trade

Most SEEs are permitted to engage in external trade, which is governed by the foreign exchange budget prepared by the Ministry of Finance and Revenue. Prior to December 1992, all SEEs had to obtain their foreign exchange requirements through this budget and receive approval from the Minister of Finance to import. ^{1/} In December 1992, in addition to this foreign exchange allocation system, the Government introduced an arrangement under which ten ministries were allocated an initial sum of foreign exchange in "revolving funds." ^{2/} The intention of the revolving fund was to encourage exports by SEEs by streamlining the approval and allocation process for foreign exchange and to provide them greater autonomy in their trading activities. Moreover, it was intended to provide SEEs a strong incentive to export as export proceeds could be used to finance further import activities.

The revolving funds have also given SEEs greater access to the market exchange rate. Goods imported through the revolving funds can be sold at free market prices--i.e., at an exchange rate at or near the parallel market rate. Goods imported with funds provided through the foreign exchange budget--mainly essential commodities--are sold at official prices (converted using the official exchange rate) and are generally made available only to government and military personnel.

Other measures to encourage trade by SEEs include the consignment import scheme and the "import first" scheme. Under the first scheme, introduced in 1989, SEEs import goods (such as consumer electronics and small appliances) and sell them in the domestic market. The ownership of the goods remains with the exporter until they are sold and the proceeds from domestic sales are remitted to the foreign supplier after the agreed taxes and commissions have been deducted. Also in 1989, the authorities launched the "import first" scheme. Goods are imported and either sold on the domestic market for kyat or used as inputs into the production of exportable goods. The sales proceeds are used to procure or produce goods for export to pay for the original imports. The private sector is also eligible to participate in these schemes.

The Export Promotion and Supervision Council was established in February 1993, under the auspices of the Ministry of Trade, to oversee the provision of export incentives and to organize seminars and workshops to train private entrepreneurs about international business practices. The

^{1/} Public sector entities are not required to obtain import licenses.

^{2/} The Ministry of Trade was allocated a revolving fund of \$10 million. The total initial allocation for the revolving fund was about \$60 million.

CHART 3
MYANMAR
EXCHANGE RATE DEVELOPMENTS, 1980-1995 1/

Sources: Data provided by the Myanmar authorities; and staff estimates.

1/ Increase in REER indicates appreciation.

2/ It is not possible to construct a time-series on the weighted exchange rate owing to the absence of information on the changing structure of the foreign exchange market over time. However, the weighted exchange rate for 1994/95 is estimated at K 77= 1 US \$ on the assumption that about 25 percent of imports and 35 percent of exports are transacted at the official exchange rate.

3/ U.S. dollars per kyat.

This page intentionally left blank

Council has been particularly active of late as trade fairs and seminars have become the Government's latest means to promote trade.

b. Private sector trade

Private sector and joint-venture imports require an import license for each transaction and are generally financed from the importer's foreign currency account. Goods are classified as priority items (list A--see Table 55), nonpriority items (list B), or "neutral" items. 1/ An importer wishing to import an item from list B or the neutral list is required to import goods from list A equal to 50 percent and 25 percent, respectively, of value of the total imports. 2/ On a case-by-case basis, joint ventures with foreign investors may be granted open general licenses and are exempt from these import licensing requirements.

There are numerous other restrictions on private sector trade. Opium and other narcotics, playing cards, and gold and silver bullion, among other items, may not be imported from any source. There are also restrictions on invisibles payments, including limitations on travel, pilgrimages, pension remittances, and medical, educational, and family allowances. Approval for invisible payments is required by the relevant ministry and is considered on a case-by-case basis.

The private sector is generally not permitted to export certain products--including rice, teak, rubber, petroleum, leather and hides, maize, cotton, groundnuts, and precious stones--except under special circumstances. Special licenses are required for the export of a few other products, such as antiques.

c. Border trade

Trade across the border between Myanmar and its neighboring countries began to be formalized in December 1988, when the Myanmar Export and Import Service (MEIS) signed an agreement with a state-owned trading company in Yunnan province in China. Border trade agreements were subsequently signed with Bangladesh, India, and China in 1994. The latter upgraded the earlier agreement with Yunnan province to the state level. Such agreements generally formalize ties between private sector and public sector trading companies, and chambers of commerce. 3/ Normalizing border trade has

1/ The lists of nonpriority and neutral items change frequently and importers typically do not know how their import request will be handled prior to making a license application. Hence, published lists are generally not available.

2/ That is, an importer wishing to import goods worth \$100,000 from list B must obtain a license for \$200,000 and also import goods worth \$100,000 from list A.

3/ These agreements do not involve bilateral clearing accounts which constitute bilateral payments arrangements.

typically involved designating official points of entry, setting up customs and banking facilities, etc. Efforts made thus far to establish a border trade agreement with Thailand have been unsuccessful owing mainly to unresolved political issues. Nevertheless, Thailand continues to be Myanmar's second largest border trading partner.

The authorities have made considerable efforts in recent years to expand and "normalize" border trade. For example, the MEIS has opened 21 branch offices in border areas to facilitate the import licensing process. Present plans call for the Ministry of Trade to create a separate Directorate of Border Trade at the end of 1995 in order to promote border trade further.

d. Trade subsidies ^{1/}

There are no explicit trade subsidies. However, substantial implicit subsidies accrue to those entities and individuals, mainly SEEs and civil servants, who have access to imported goods at the official exchange rate.

2. Exchange system

Prior to December 1992, exchange control was administered by the Exchange Control Board through the MFTB. Since then, this function has been transferred to the Central Bank. In keeping with the Government's primary goal of promoting trade, numerous measures have been made in recent years to reduce the impact of foreign exchange control procedures.

In the initial phase of trade liberalization, private, joint venture, and public sector exporters were allowed in 1988/89 to retain up to 60 percent of certain export earnings, which had to be deposited in non-interest-bearing foreign currency deposits at the MFTB. In March 1990, the retention ratio was increased to 100 percent for private sector exporters. As for border trade, initially, exporters were allowed to retain 60 percent of their foreign exchange earnings and use the remaining 40 percent to purchase imports for the state. Since July 1989, border exporters have been allowed to retain 100 percent of their earnings. The retention ratio for earnings from service exports, labor income, and remittances was initially 75 percent for most transactions. The retention ratios for these transactions were unified at 90 percent in late 1994, the 10 percent withholding requirement being viewed by the authorities as an income tax.

National individuals and firms with legitimate foreign exchange holdings must open foreign exchange accounts in U.S. dollars. Legitimate holdings include export receipts, certain service receipts, and receipts of FECs (see below). Myanma nationals are not allowed to receive or hold other foreign exchange. Currently, there are about 57,000 foreign currency accounts in the banking system. National individuals are now allowed to

^{1/} The tariff system and trade taxes are discussed in Annex I.

make unlimited payments for personal imports with funds from their foreign currency accounts, and capital and profits of foreign firms resulting from investments under the Foreign Investment Law may be transferred abroad from foreign currency accounts.

The earlier requirement that retained export earnings could only be used by the original exporter was modified in early 1990 and foreign exchange was permitted, on a discretionary basis, to be transferred between different foreign exchange account holders at negotiated exchange rates. 1/ Initially, a \$10,000 limit was imposed on transfers between foreign currency account holders; this limit was eliminated in late 1994. Prior authorization for transfers--which is routinely granted--must still be obtained. At present, the Government is processing 100-200 applications for transfers per day, primarily from small private sector firms. For large private firms, most transfers take the form of one firm asking another to import on its behalf, and then making a payment in kyat that would reflect a negotiated exchange rate.

In February 1993, the authorities introduced FECs, with the principal objective of enhancing foreign exchange earnings, particularly from foreign visitors. With effect from April 1993, the FEC regulations were amended to also allow residents and foreigners who own legitimate foreign exchange holdings to obtain FECs. FECs are issued by the Central Bank and authorized dealers, including the MFTB, the MICB, the MEB and other licensed dealers (200 currently), including most hotels. 2/

FECs are issued against U.S. dollars, pounds sterling, or traveler's checks in those two currencies, and can be charged against a Visa credit card. Foreign visitors must purchase a minimum of \$300 in FECs at the time of entry into Myanmar. Amounts purchased in excess of this amount can be reconverted into foreign currency at the time of departure. FECs may be accepted for payment by any individual. Holders of FECs may convert them into foreign exchange at a licensed foreign exchange bank, which must then be deposited into a foreign currency account. For private individuals, banks collect a 10 percent service charge for these transactions. At mid-1995, there were about \$9 million worth of FECs in circulation. There is typically a spread of about 10 percent between the rate at which FECs are accepted in payment for goods and services and the exchange rate in the parallel market.

1/ In practice, these "account transfers" are sales of foreign exchange for domestic currency. However, this "market" is not formally sanctioned by the authorities and the rate of exchange between foreign and domestic currency in this market is not officially monitored.

2/ Authorized dealers are allowed to operate with a 5 percent margin. That is, dealers can buy FECs from the Central Bank at a discount of 5 percent.

Finally, in regard to settlement arrangements, settlements with member countries of the Asian Clearing Union (ACU) are made in the currency of the member concerned through the ACU mechanism. 1/ There are no direct taxes or subsidies on the purchase or sale of foreign exchange--the authorities consider the 10 percent FEC deposit charge a fee rather than a tax. There are no arrangements for forward cover against exchange rate risk in either the official or the commercial banking sector. Bilateral arrangements normalizing trade with neighboring countries presently do not provide for the extension of credit.

3. Foreign investment

In May 1989, the Government set up the Foreign Investment Commission, which was renamed the Myanmar Investment Commission (MIC) in April 1994 when it also took responsibility for promoting domestic investment. The MIC is responsible for implementing the Foreign Investment Law (FIL), which was promulgated in late 1988. The basic objectives of the foreign investment regime are the following: (i) promotion of exports; (ii) exploitation of natural resources; and (iii) acquisition of high technology and the generation of employment opportunities. Foreign investment can be made either through wholly owned foreign companies, joint ventures with Myanmar citizens, or through production sharing arrangements, especially in the extractive industries. These industries have attracted a major portion of the foreign investment that has come in under the FIL.

In addition to exemption from income tax and customs duties for a period of three years, fiscal incentives to foreign investors include accelerated depreciation allowances in respect of machinery, equipment, and other fixed assets; and tax relief of up to 50 percent of the profits accruing from exports. There are no limits on the repatriation of profits, provided the foreign investors' foreign exchange position is balanced. Enterprises established under the FIL are guaranteed protection from nationalization or expropriation.

While incentives are generous, foreign investors have, however, made complaints regarding the approval and licensing process as the MIC does not provide "one-stop-service." After receiving approval from the MIC, the potential foreign investor must register as a company, then as an importer/exporter, and finally obtain clearance from the line ministry concerned. This process routinely takes more than six months. Other difficulties foreign investors have faced include the official exchange rate, which complicates the establishment of equity shares in joint ventures, although its impact has been minimized to some extent by allowing foreign investors to pay wages in FECs.

1/ Members of the ACU are Bangladesh, India, the Islamic Republic of Iran, Myanmar, Nepal, Pakistan, and Sri Lanka.

The types of economic activity and the sectors open to foreign investment are specified in a detailed positive list (Table 56). Investments in areas not specifically mentioned in the positive list are considered for approval on a case-by-case basis. Activities that fall under the state enterprise law are, in principle, closed to foreign investment unless special permission is obtained. These include, inter alia, oil and gas, insurance, and financial services (Table 57). In practice, most foreign investment has been in the form of joint ventures with SEEs in some of these restricted areas, especially in the oil and gas sector.

Table 1. Myanmar: Real Gross Domestic Product by Sector, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	Prov. 1993/94	Est. 1994/95
(In millions of kyats: at 1985/86 prices)						
Commodity producing sectors	<u>29,829</u>	<u>30,605</u>	<u>30,134</u>	<u>33,445</u>	<u>35,447</u>	<u>37,835</u>
Agriculture	19,089	19,470	18,708	21,029	22,009	23,595
Livestock and fishery	3,6302	3,610	3,817	3,990	4,110	4,300
Forestry	870	942	926	896	894	769
Mining	449	443	492	590	719	810
Manufacturing and processing	4,555	4,560	4,376	4,850	5,323	5,799
Power	323	340	363	475	588	601
Construction	913	1,240	1,452	1,615	1,804	1,979
Services	<u>7,936</u>	<u>8,270</u>	<u>8,695</u>	<u>9,225</u>	<u>9,857</u>	<u>10,459</u>
Transportation	1,841	1,906	2,017	2,200	2,377	2,497
Communication	347	361	421	530	580	610
Financial institutions	229	268	315	363	498	670
Social and administrative services	3,287	3,426	3,574	3,678	3,859	4,046
Rentals and other services	2,232	2,309	2,368	2,454	2,543	2,636
Trade	<u>11,118</u>	<u>11,385</u>	<u>11,104</u>	<u>12,087</u>	<u>12,697</u>	<u>13,638</u>
Gross domestic product (at market prices)	<u>48,883</u>	<u>50,260</u>	<u>49,933</u>	<u>54,757</u>	<u>58,001</u>	<u>61,950</u>
(Percentage change)						
Commodity producing sectors	<u>6.5</u>	<u>2.6</u>	<u>-1.5</u>	<u>11.0</u>	<u>6.0</u>	<u>6.8</u>
Agriculture	5.2	2.0	-3.9	12.4	4.7	7.2
Livestock and fishery	-4.0	-0.6	5.7	4.5	3.0	4.6
Forestry	28.5	8.3	-1.7	-3.3	-0.2	-14.0
Mining	30.5	-1.3	11.1	20.0	21.9	12.6
Manufacturing and processing	11.3	0.1	-4.0	10.8	9.7	8.9
Power	14.0	5.3	6.8	31.1	23.7	2.1
Construction	32.7	35.8	17.1	11.2	11.7	9.7
Services	<u>-7.5</u>	<u>4.2</u>	<u>5.1</u>	<u>6.1</u>	<u>6.9</u>	<u>6.1</u>
Transportation	9.7	3.5	5.8	9.1	8.1	5.1
Communication	11.6	4.0	16.6	26.0	9.4	5.2
Financial institutions	-85.7	17.0	17.5	15.1	37.2	34.5
Social and administrative services	17.9	4.2	4.3	2.9	4.9	4.8
Rentals and other services	1.5	3.4	2.6	3.6	3.7	3.7
Trade	<u>5.3</u>	<u>2.4</u>	<u>-2.5</u>	<u>8.9</u>	<u>5.0</u>	<u>7.4</u>
Gross domestic product (at market prices)	<u>3.7</u>	<u>2.8</u>	<u>-0.7</u>	<u>9.3</u>	<u>6.0</u>	<u>6.8</u>
(In percent of GDP)						
Commodity producing sectors	<u>61.0</u>	<u>60.9</u>	<u>60.3</u>	<u>61.1</u>	<u>61.1</u>	<u>61.1</u>
Agriculture	39.0	38.7	37.5	38.4	38.0	38.1
Livestock and fishery	7.4	7.2	7.6	7.3	7.1	6.9
Forestry	1.8	1.9	1.9	1.6	1.5	1.2
Mining	0.9	0.9	1.0	1.1	1.2	1.3
Manufacturing and processing	9.3	9.1	8.8	8.9	9.2	9.4
Power	0.7	0.7	0.7	0.9	1.0	1.0
Construction	1.9	2.5	2.9	2.9	3.1	3.2
Services	<u>16.2</u>	<u>16.5</u>	<u>17.4</u>	<u>16.8</u>	<u>17.0</u>	<u>16.9</u>
Transportation	3.7	3.8	4.0	4.0	4.1	4.0
Communication	0.7	0.7	0.8	1.0	1.0	1.0
Financial institutions	0.5	0.5	0.6	0.6	0.9	1.1
Social and administrative services	6.7	6.8	7.2	6.7	6.6	6.5
Rentals and other services	4.6	4.6	4.7	4.5	4.4	4.3
Trade	<u>16.2</u>	<u>22.7</u>	<u>22.2</u>	<u>22.1</u>	<u>21.9</u>	<u>22.0</u>

Source: Data provided by the Myanmar authorities.

Table 2. Myanmar: Gross Domestic Product by Sector, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	Prov. 1993/94	Est. 1994/95
(In millions of kyats: at current prices)						
Commodity producing sectors	<u>84,762</u>	<u>103,009</u>	<u>128,286</u>	<u>174,454</u>	<u>251,977</u>	<u>313,873</u>
Agriculture	58,867	70,326	90,421	126,114	190,047	239,024
Livestock and fishery	10,140	13,978	16,409	21,165	27,731	29,989
Forestry	2,063	2,696	3,058	3,622	4,207	4,257
Mining	988	1,036	1,158	1,305	1,706	2,040
Manufacturing and processing	10,731	11,824	13,059	17,278	22,426	29,935
Power	435	386	318	463	649	1,178
Construction	1,538	2,763	3,863	4,507	5,211	7,450
Services	<u>12,749</u>	<u>14,390</u>	<u>16,876</u>	<u>18,485</u>	<u>22,407</u>	<u>25,050</u>
Transportation	3,028	3,693	4,224	4,671	5,372	6,668
Communication	318	352	743	932	1,042	1,070
Financial institutions	222	270	318	367	516	694
Social and administrative services	5,747	6,024	6,413	6,692	8,528	9,385
Rentals and other services	3,434	4,051	5,178	5,823	6,949	7,233
Trade	<u>27,156</u>	<u>34,542</u>	<u>41,640</u>	<u>56,456</u>	<u>76,949</u>	<u>97,304</u>
Gross domestic product (at market prices)	<u>124,666</u>	<u>151,941</u>	<u>186,802</u>	<u>249,395</u>	<u>351,333</u>	<u>436,427</u>
(In percent of GDP)						
Commodity producing sectors	<u>68.0</u>	<u>67.8</u>	<u>68.7</u>	<u>70.0</u>	<u>71.7</u>	<u>71.9</u>
Agriculture	47.2	46.3	48.4	50.6	54.1	54.8
Livestock and fishery	8.1	9.2	8.8	8.5	7.9	6.9
Forestry	1.7	1.8	1.6	1.5	1.2	1.0
Mining	0.8	0.7	0.6	0.5	0.5	0.5
Manufacturing and processing	8.6	7.8	7.0	6.9	6.3	6.8
Power	0.4	0.2	0.2	0.2	0.2	0.2
Construction	1.2	1.8	2.1	1.8	1.5	1.7
Services	<u>10.2</u>	<u>9.5</u>	<u>9.0</u>	<u>7.4</u>	<u>6.4</u>	<u>5.7</u>
Transportation	2.4	2.4	2.3	1.9	1.5	1.5
Communication	0.3	0.2	0.4	0.4	0.3	0.2
Financial institutions	0.2	0.2	0.2	0.1	0.2	0.2
Social and administrative services	4.6	4.0	3.4	2.7	2.4	2.2
Rentals and other services	2.7	2.7	2.8	2.3	2.0	1.6
Trade	<u>21.8</u>	<u>22.7</u>	<u>22.3</u>	<u>22.6</u>	<u>21.9</u>	<u>22.4</u>

Source: Data provided by the Myanmar authorities.

Table 3. Myanmar: Expenditure on Gross Domestic Product
at Constant 1985/86 Prices, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	Prov. 1993/94	Est. 1994/95
<u>(In millions of kyats: at 1985/86 prices)</u>						
Consumption ^{1/}	41,825	42,199	40,315	43,543	46,755	49,632
Gross investment	6,376	8,235	9,540	9,663	10,448	12,329
Fixed investment	6,453	8,852	9,188	9,250	10,236	11,936
Public	3,592	4,101	4,226	4,231	4,400	5,930
Private	2,861	4,751	4,962	5,019	5,836	6,006
Changes in stocks	-77	-617	352	413	212	393
Gross domestic expenditure	48,201	50,434	49,855	53,206	57,203	61,961
Net exports of goods and nonfactor services	682	-174	78	1,551	798	-11
Exports	3,528	4,038	3,926	5,381	6,229	6,063
Imports	2,846	4,212	3,848	3,830	5,431	6,074
GDP at market prices	48,883	50,260	49,933	54,757	58,001	61,950
<u>(Percentage change)</u>						
Memorandum items:						
Consumption	1.8	0.9	-4.5	8.0	7.4	6.2
Gross investment	-0.7	29.2	15.8	1.3	8.1	18.0
Fixed investment	19.5	37.2	3.8	0.7	10.7	16.6
Public	8.5	14.2	3.0	0.1	4.0	34.8
Private	37.0	66.1	4.4	1.1	16.3	2.9
Exports	27.7	14.5	-2.8	37.1	15.8	-2.7
Imports	-8.5	48.0	-8.6	-0.5	41.8	11.8
GDP	3.7	2.8	-0.7	9.3	6.0	6.8
Gross domestic expenditure	1.5	4.6	-1.1	6.7	7.5	8.3

Sources: Data provided by the Myanmar authorities; and staff estimates.

^{1/} Residual item.

Table 4. Myanmar: Expenditure on Gross Domestic Product at Current Prices, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	<u>Prov.</u> 1993/94	<u>Est.</u> 1994/95
<u>(In millions of kyats)</u>						
Consumption <u>1/</u>	113,452	134,986	160,357	217,456	311,866	386,894
Gross investment	11,501	20,323	28,603	33,786	42,469	52,745
Fixed investment	11,827	22,318	27,571	31,184	37,258	48,378
Public <u>2/</u>	5,895	7,280	10,762	10,004	9,628	19,676
Private	5,932	15,038	16,809	21,180	27,630	28,701
Change in stocks	-326	-1,995	1,032	2,601	5,211	4,368
Net exports of goods and nonfactor services	-287	-3,368	-2,158	-1,847	-3,002	-3,213
Exports <u>3/</u>	3,701	3,989	3,794	5,259	5,758	6,572
Imports <u>3/</u>	3,988	7,357	5,952	7,106	8,760	9,785
GDP at market prices	124,666	151,941	186,802	249,395	351,333	436,427
Net factor income from abroad <u>3/</u>	-599	-382	-539	-560	-519	-616
GNP at market prices	124,067	151,559	186,263	248,835	350,814	435,811
<u>(In percent of GDP)</u>						
Memorandum items:						
Consumption	91.0	88.8	85.8	87.2	88.8	88.7
Gross investment	9.2	13.4	15.3	13.5	12.1	12.1
Fixed investment	9.5	14.7	14.8	12.5	10.6	11.1
Exports	3.0	2.6	2.0	2.1	1.6	1.5
Imports	3.2	4.8	3.2	2.8	2.5	2.2

Sources: Data provided by the Myanmar authorities; and staff estimates.

1/ Residual item.

2/ Budget data.

3/ Balance of payments data converted at official exchange rate.

Table 5. Myanmar: Investment and Saving, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	Prov. 1993/94	Est. 1994/95
(In millions of kyats at current prices)						
Gross capital formation	11,501	20,323	28,603	33,630	42,469	52,745
Fixed investment	11,827	22,318	27,571	31,028	37,258	48,378
Public <u>1/</u>	5,895	7,280	10,762	10,004	9,628	19,676
Private	5,932	15,038	16,809	21,024	27,630	28,701
Change in stocks	-326	-1,995	1,032	2,602	5,211	4,368
National saving	11,267	17,225	26,838	32,386	41,231	51,718
Domestic saving	11,214	16,952	26,448	31,785	39,467	49,532
Public <u>1/</u>	-4,662	-4,918	-2,770	-3,654	-7,929	-8,994
Private	15,876	21,870	29,218	35,439	47,396	58,526
Net factor income plus net unrequited transfers from abroad <u>2/</u>	53	273	390	601	1,764	2,186
Foreign saving <u>2/</u>	234	3,098	1,765	1,244	1,238	1,027
(In percent of GDP)						
Gross capital formation	9.2	13.4	15.3	13.6	12.1	12.1
Fixed investment	9.5	14.7	14.8	12.5	10.6	11.1
Public	4.7	4.8	5.8	4.0	2.7	4.5
Private	4.8	9.9	9.0	8.5	7.9	6.6
National saving	9.0	11.3	14.4	13.1	11.7	11.9
Domestic saving	9.0	11.2	14.2	12.8	11.2	11.3
Public	-3.7	-3.2	-1.5	-1.5	-2.2	-2.1
Private	12.7	14.4	15.6	14.3	13.5	13.4
Foreign saving	0.2	2.0	0.9	0.5	0.4	0.2

Sources: Data provided by the Myanma authorities; and staff estimates.

1/ Budget data.

2/ Balance of payments data converted at official exchange rate.

Table 6. Myanmar: Gross Domestic Product by Form of Ownership, 1994/95 ^{1/}
(In percent of sectoral output)

	State	Cooperatives	Private
Productive sectors	<u>12.4</u>	<u>0.9</u>	<u>86.7</u>
Agriculture	0.2	1.1	98.7
Livestock and fisheries	0.4	0.9	98.7
Forestry	42.6	1.0	56.4
Mining	60.6	0.4	39.0
Manufacturing and processing	27.3	0.7	72.0
Power	99.9	0.1	--
Construction	82.0	0.4	17.6
Services	<u>56.3</u>	<u>1.7</u>	<u>42.0</u>
Transportation	39.4	1.2	59.4
Communication	100.0	--	--
Financial institutions	69.0	11.4	19.6
Social and administrative services	90.8	0.5	8.7
Rentals and other services	6.3	1.8	91.9
Trade	<u>23.1</u>	<u>2.5</u>	<u>74.4</u>
Gross domestic product	<u>22.2</u>	<u>1.4</u>	<u>76.4</u>

Source: Data provided by the Myanma authorities.

^{1/} Provisional data.

Table 7. Myanmar: Output and Yield of Major Crops, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	1993/94	Est. 1994/95
Output						
('000 metric tons)						
Paddy	13,803	13,969	13,201	14,837	16,760	18,813
Wheat	124	123	143	139	108	114
Maize	194	187	191	208	204	255
Pulses	453	552	720	889	870	1,127
Groundnuts	459	472	378	433	431	453
Sesame	207	216	171	237	223	272
Sunflower	89	96	87	96	83	115
Cotton	63	62	63	68	43	105
Jute	34	24	22	39	27	35
Sugarcane	2,198	2,105	2,431	3,410	2,849	2,375
Myanma tobacco	39	43	53	50	47	47
Virginia tobacco	8	10	17	11	23	14
Rubber	15	15	15	16	16	17
Yield (kg per ha of harvested area)						
Paddy	2,916	2,934	2,885	2,934	3,054	3,110
Wheat	954	904	974	959	939	898
Maize	1,577	1,495	1,540	1,518	1,534	1,604
Pulses	582	590	622	622	643	696
Groundnuts	875	892	808	895	925	956
Sesame	224	217	212	239	236	251
Sunflower	664	661	659	667	748	757
Cotton	443	431	410	433	352	541
Jute	1,097	960	815	830	900	972
Sugarcane (mt per ha)	46	43	44	45	45	45
Myanma tobacco	1,344	1,344	1,358	1,316	1,469	1,424
Virginia tobacco	4,000	5,000	4,250	3,667	4,600	4,667
Rubber	375	385	375	390	372	395

Source: Data provided by the Myanma authorities.

Table 8. Myanmar: Sown Area for Major Crops, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
<u>(In thousands of hectares)</u>						
Paddy	4,879	4,945	4,830	5,133	5,674	6,131
Wheat	142	150	154	151	125	127
Maize	133	141	140	156	150	163
Pulses	856	1,000	1,265	1,497	1,519	1,800
Groundnuts	558	554	510	494	487	487
Sesame	1,278	1,324	1,289	1,367	1,299	1,297
Sunflower	159	163	146	156	121	161
Cotton	153	156	172	168	144	204
Jute	36	37	36	55	33	39
Rubber	76	77	76	78	83	90
Sugarcane	89	92	113	117	99	137
Myanma tobacco	29	32	40	38	32	33
Virginia tobacco	2	2	4	3	5	3
Other	1,462	1,454	1,515	1,594	1,614	1,654
Total	<u>9,852</u>	<u>10,127</u>	<u>10,290</u>	<u>11,007</u>	<u>11,385</u>	<u>12,326</u>
<u>(In percent of total sown area)</u>						
Memorandum item:						
Paddy	49.5	48.8	46.9	46.6	49.8	49.7

Source: Data provided by the Myanma authorities.

Table 9. Myanmar: Harvested Acreage Under Major Crops, 1989/90-1994/95

(In thousands of hectares)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Paddy	4,732	4,760	4,575	5,056	5,487	6,049
Wheat	130	136	147	145	115	127
Maize	123	125	124	137	133	159
Pulses	778	935	1,157	1,429	1,353	1,620
Groundnuts	524	529	468	484	466	474
Sesame	925	993	803	992	946	1,085
Sunflower	134	145	132	144	111	152
Cotton	142	144	154	157	122	194
Jute	31	25	27	47	30	36
Rubber	40	39	40	41	43	43
Sugarcane	48	49	55	76	64	53
Myanma tobacco	29	32	39	38	32	33
Virginia tobacco	2	2	4	3	5	3
Total	<u>7,638</u>	<u>7,914</u>	<u>7,725</u>	<u>8,749</u>	<u>8,907</u>	<u>10,028</u>

Source: Data provided by the Myanma authorities.

Table 10. Myanmar: Production and Utilization of Rice, 1989/90-1994/95 1/

(In thousands of metric tons)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Paddy						
Production	13,803	13,969	13,201	14,837	16,759	18,812
Seeds, other use and waste	1,680	1,675	1,667	1,790	2,061	2,253
Paddy for milling	12,123	12,294	11,534	13,047	14,698	16,559
Rice						
Production	7,379	7,483	7,021	7,942	8,795	10,080
Utilization	7,210	7,408	6,951	7,863	8,707	9,979
Domestic consumption	7,054	7,287	6,782	7,668	8,458	9,238
On-farm consumption	3,139	3,150	3,158	3,193	3,219	3,230
Distribution by Government <u>1/</u>	895	747	635	779	751	830
Distribution by cooperatives	316	352	609	642	388	66
Distribution by private traders	2,704	3,038	2,380	3,054	4,100	5,112
Government exports	156	121	169	195	249	741
Changes in stocks <u>2/</u>	169	75	70	79	88	101
Memorandum items:						
Procurement of paddy						
Government	1,313	1,504	1,558	1,649	1,926	2,087
Cooperative societies	169	347	536	571	13	4

Source: Data provided by the Myanmar authorities.

1/ Including rice procured as land and water tax.2/ Calculated as residual; a positive figure represents an increase.

Table 11. Myanmar: Supply and Use of Chemical Fertilizers, 1989/90-1994/95

(In thousands of metric tons)

	1989/90	1990/91	1991/92	1992/93	1993/94	Est. 1994/95
Use of fertilizers	<u>181</u>	<u>162</u>	<u>166</u>	<u>186</u>	<u>287</u>	<u>387</u>
By HYV crops <u>1/</u>	174	144	132	179	261	377
Paddy <u>2/</u>	131	109	99	150	248	358
Nonpaddy	43	35	33	29	13	19
Pulses	(11)	(9)	(6)	(2)	(1)	(2)
Maize	(4)	(5)	(6)	(4)	(2)	(1)
Groundnuts	(3)	(3)	(3)	(1)	(--)	(--)
Sesame and sunflower	(10)	(6)	(7)	(4)	(1)	(2)
Sugarcane	(5)	(1)	(3)	(2)	(1)	(1)
Jute	(6)	(8)	(4)	(4)	(2)	(4)
Other	(4)	(3)	(4)	(12)	(6)	(9)
By non-HYV crops	6	8	11	...	...	...
Paddy	(1)	(1)	(1)	(...)	(...)	(...)
Other	(5)	(7)	(10)	(...)	(...)	(...)
Unspecified use	1	10	23	7	26	10
Changes in stocks <u>3/</u>	<u>46</u>	<u>29</u>	<u>-22</u>	<u>7</u>	<u>82</u>	<u>50</u>
Sources of supply	<u>227</u>	<u>191</u>	<u>144</u>	<u>193</u>	<u>369</u>	<u>437</u>
Domestic production	192	133	100	111	174	235
Urea	(192)	(133)	(100)	(111)	(174)	(235)
Imports	35	58	44	82	195	202
Urea	(--)	(10)	(44)	(24)	(162)	(76)
Superphosphate	(33)	(20)	(--)	(47)	(33)	(116)
Muriate potash	(2)	(6)	(--)	(11)	(--)	(10)
Ammonium	(--)	(22)	(--)	(--)	(--)	(--)
Memorandum item:						
Use of fertilizer (1976/77 = 100)	160	143	147	165	254	342
Percentage change	-2	-10	2	12	54	35

Source: Data provided by the Myanmar authorities.

1/ High-yielding variety crops.

2/ Data from 1992/93 cover all varieties of paddy.

3/ Calculated as residual.

Table 12. Myanmar: Government Procurement of Major Crops, 1989/90-1994/95 ^{1/}

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
<u>(In thousands of metric tons)</u>						
Paddy	1,313	1,504	1,558	1,649	1,926	2,087
Wheat	3	7	7	14	10	8
Maize	14	13	6	15	16	26
Pulses	48	26	31	53	71	111
Cotton	10	9	23	9	9	33
Jute	17	12	15	28	24	33
Sugarcane	355	213	674	680	580	796
Rubber	4	2	3	2	7	9
Virginia tobacco	5	5	9	4	5	12
<u>(Percentage share of officially procured crops in total output)</u>						
Paddy	9.5	10.8	11.8	11.1	11.5	11.1
Wheat	2.4	5.7	4.9	10.1	9.3	7.0
Maize	7.2	6.9	3.1	7.2	7.8	10.2
Pulses	10.6	5.9	5.1	7.0	10.1	11.6
Cotton	15.9	14.5	36.5	13.2	20.9	31.4
Jute	50.0	50.0	68.2	74.4	88.9	94.3
Sugarcane	17.7	10.8	29.2	20.7	21.3	35.1
Rubber	26.7	13.3	20.0	12.5	43.8	52.9
Virginia tobacco	62.5	50.0	52.9	36.4	21.7	85.7

Sources: Data provided by the Myanmar authorities; and staff estimates.

^{1/} Procurement by the Myanmar Agricultural Produce Trading Enterprise (MAPTE).

Table 13. Myanmar: Cooperative Societies' Procurement of
Major Crops, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
<u>(In thousands of metric tons)</u>						
Crops						
Paddy	169	347	536	571	13	4
Maize seeds						
(metric tons)	954	926	1,393	912	666	8,876
Groundnut	14	12	14	9	5	7
Sesame	8	11	14	10	10	2
Sunflower						
(metric tons)	1,383	834	1,191	542	76	311
Pulses	13	31	42	48	38	40
<u>(In percent of total output)</u>						
Memorandum items:						
Paddy	1.2	2.5	4.1	3.8	0.1	--
Maize seeds	0.5	0.5	0.7	0.4	0.3	3.5
Groundnut	3.1	2.5	3.7	2.1	1.2	1.5
Sesame	3.9	5.1	8.2	4.2	0.9	2.2
Sunflower	1.6	0.9	1.4	0.6	0.1	0.3
Pulses	2.9	5.6	5.8	5.4	4.4	3.6

Source: Data provided by the Myanmar authorities.

Table 14. Myanmar: Purchase Prices of Major Agricultural Products, 1989/90-1994/95

(Kyats per metric ton)

	1989/90	1990/91	1991/92	1992/93	1993/94	Est. 1994/95
Paddy						
Government	1,235	2,297	2,320	2,308	3,553	3,833
Cooperatives	2,376	2,420	2,420	3,448	4,491	3,683
Private traders	2,738	2,564	3,564	4,424	7,045	7,668
Wheat						
Government	6,088	9,331	13,055	7,980	7,622	7,655
Cooperatives	6,751	9,043	10,911	10,416	11,397	8,716
Private traders	9,186	11,482	13,189	13,848	20,362	22,965
Maize						
Government	2,405	2,405	7,791	6,162	12,005	12,322
Cooperatives	2,836	3,613	6,642	6,891	7,958	9,623
Joint ventures	...	...	...	10,981	...	...
Private traders	4,018	6,028	7,573	8,650	13,924	14,714
Pulses						
Government	1,970	6,257	14,201	18,154	20,654	30,690
Cooperatives	5,500	11,103	12,784	13,837	18,846	18,252
Joint ventures	8,611	11,351	17,987	18,618	22,907	31,031
Private traders	8,324	8,574	9,805	11,567	17,193	21,931
Cotton						
Government	4,183	13,595	15,257	15,273	16,503	22,454
Private traders	...	16,408	18,329	17,766	16,737	22,457
Jute						
Government	2,878	6,835	7,463	11,501	10,691	13,723
Private traders	...	7,349	11,225	12,224	12,861	14,208
Sugarcane						
Government	148	266	266	984	984	984
Private traders	...	675	730	930	932	1,009
Rubber						
Government	...	26,993	40,005	50,892	59,070	70,057
Joint ventures	27,947	27,352	...	72,982	85,751	97,797
Private traders	...	30,871	40,419	48,004	52,922	88,203

Source: Data provided by the Myanmar authorities.

Table 15. Myanmar: Prices and Cost of Fertilizers, 1989/90-1994/95

(In kyats per metric ton)

	1989/90	1990/91	1991/92	1992/93	1993/94	Est. 1994/95
Urea						
Domestic sales price	2,160	2,160	2,160	2,160	12,000	12,000
Domestic production and distribution cost	2,602	3,248	3,699	4,072	4,410	4,413
Of which: Production	1,728	1,728	1,936	2,068	2,280	2,271
Implicit subsidy	442	1,088	1,539	1,912	-7,590	-7,587
Triple superphosphate						
Domestic sales price	1,900	3,400	5,000	5,000	8,000	8,000
Import and distribution cost	3,916	3,975	...	3,807	3,971	4,186
Of which: Import cost <u>1/</u>	2,797	2,123	...	1,680	1,670	1,886
Implicit subsidy	2,016	575	...	-1,193	-4,029	-3,814
Muriate potash						
Domestic sales price	1,000	1,500	4,000	4,000	4,000	4,000
Import and distribution cost	2,191	3,132	...	3,446	...	4,045
Of which: Import cost <u>1/</u>	1,153	1,352	...	1,339	...	1,753
Implicit subsidy	1,191	1,632	...	-554	...	45

Source: Data provided by the Myanmar authorities.

1/ Valued at official exchange rate.

Table 16. Myanmar: Production and Utilization of Teak and Hardwood,
1989/90-1994/95

(In thousands of cubic tons) 1/

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Teak (logs)						
Production	391	440	362	341	333	260
Of which:						
By foreign companies	(65)	(143)	(102)	(62)	(78)	(10)
Utilization	412	372	300	319	292	260
Sawmills	161	132	135	152	96	106
Local use	48	14	21	1	1	14
Exports 2/	203	225	144	166	195	140
Of which:						
By foreign companies	(65)	(143)	(102)	(62)	(78)	(10)
Change in stocks	-21	69	62	22	41	--
Hardwood (logs) 3/						
Production	530	648	653	624	711	526
Of which:						
By foreign companies	(124)	(327)	(258)	(211)	(314)	(26)
Utilization	470	627	552	492	615	526
Sawmills	255	227	217	222	229	328
Local use	58	55	66	29	10	72
Exports 2/	157	345	269	241	376	126
Of which:						
By foreign companies	(124)	(327)	(258)	(221)	(314)	(26)
Change in stocks	59	21	101	132	96	--

Source: Data provided by the Myanmar authorities.

1/ A cubic ton is defined as 12 inches x 12 inches x 50 feet.

2/ Exports of logs only.

3/ These data refer to production of hardwood by the public sector; private sector production is excluded.

Table 17. Myanmar: Capacity Utilization Ratios, and Output and Capacity Indices for Selected Industrial Enterprises, 1989/90-1994/95

(Percent, ratio, and indices: 1985/86=100)

	1989/90	1990/91	1991/92	1992/93	1993/94	Est. 1994/95
Ministry of Industry No. 1						
Foodstuff industries						
Capacity utilization ratio	33.2	31.8	50.8	58.9	50.0	57.1
Output index	41.1	43.7	47.1	59.9	56.1	64.7
Capacity index	81.3	76.4	67.1	56.5	62.3	59.2
Textile industries						
Capacity utilization ratio	54.4	32.7	47.5	43.3	41.0	40.5
Output index	54.7	60.1	53.8	51.6	48.6	48.4
Capacity index	109.4	134.3	82.4	78.4	78.1	78.6
Jute industries						
Capacity utilization ratio	43.4	35.5	24.2	42.1	47.0	47.4
Output index	81.2	61.0	51.2	68.2	75.8	76.5
Capacity index	77.8	73.0	89.7	68.7	68.5	68.5
Ceramic industries						
Capacity utilization ratio	59.1	69.7	57.2	55.4	63.1	72.8
Output index	89.9	105.7	83.0	81.3	92.7	105.3
Capacity index	90.7	91.3	89.6	88.0	88.0	88.0
Pharmaceutical and household industries						
Capacity utilization ratio	33.9	35.1	41.7	44.7	36.1	52.0
Output index	37.6	43.5	31.6	37.0	28.5	40.7
Capacity index	86.7	97.5	98.4	59.4	63.0	62.4
Metal industries 1/						
Capacity utilization ratio	15.0	25.1	23.9	35.7	...	...
Output index	70.5	73.8	82.2	60.6	...	...
Capacity index	129.4	99.8	99.8	100.0	...	...
General and maintenance industries 1/						
Capacity utilization ratio	32.0	37.2	29.0	31.4	37.1	30.5
Output index	59.5	66.8	54.9	41.2	45.2	38.5
Capacity index	129.9	108.7	94.4	79.0	91.4	76.2
Paper and chemical industries						
Capacity utilization ratio	63.1	60.4	68.9	72.0	71.7	67.1
Output index	78.7	67.2	77.2	85.9	82.5	81.2
Capacity index	92.8	83.7	84.9	82.0	79.0	83.2
Average of Ministry of Industry (No. 1)						
Capacity utilization ratio	43.9	37.2	44.2	49.7	47.9	52.1
Output index	55.8	56.8	54.7	57.4	55.7	61.1
Capacity index	94.5	97.2	83.5	69.7	71.2	70.6
Ministry of Industry (No. 2)						
Myanma Heavy Industries						
Capacity utilization ratio	20.0	20.4	14.6	12.7	19.9	21.4
Output index	46.1	38.8	28.1	26.6	42.9	41.2
Capacity index	131.8	103.5	105.0	114.4	117.3	104.7
Ministry of Energy						
Myanma Petrochemical Enterprise						
Capacity utilization ratio	29.7	27.8	26.4	26.9	32.2	39.3
Output index	60.4	71.8	72.0	68.6	82.3	100.4
Capacity index	112.7	112.7	112.7	112.7	112.7	112.7
Average of all industries						
Capacity utilization ratio	36.3	32.6	35.0	35.8	37.6	42.0
Output index	55.0	56.3	53.2	52.7	55.9	61.2
Capacity index	103.7	100.4	91.2	83.9	85.8	83.0

Source: Data provided by the Myanma authorities.

1/ In 1993/94, Myanmar Metal Industries and Myanmar General Industries were merged into Myanmar General and Maintenance Industries.

Table 18. Myanmar: Production of Selected Minerals, 1989/90-1994/95

(In metric tons)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Tin concentrate (65 percent)	304	309	172	387	544	399
Tungsten concentrate (65 percent)	17	13	15	75	113	53
Tin and tungsten concentrate (65 percent)	175	153	95	108	73	208
Tin, tungsten, and scheelite mixed concentrate	1,013	1,003	1,025	1,282	1,300	1,400
Refined lead	2,717	1,555	2,526	1,631	1,547	3,971
Zinc concentrate	4,350	3,820	3,393	2,785	2,143	5,644
Copper ore ('000 long tons)	763	1,384	917	962	968	1,580
Refined silver ('000 ounces)	191	111	193	116	118	238
Coal ('000 long tons)	39	31	41	56	71	74
Gold (troy ounces)	1,405	841	22,598	20,486	14,030	24,066

Source: Data provided by the Myanma authorities.

Table 19. Myanmar: Production, Trade, and Consumption of Oil and Natural Gas, 1989/90-1994/95

(In thousands of barrels) 1/

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Total production						
(in crude oil equivalent)	<u>12.181</u>	<u>10.934</u>	<u>10.788</u>	<u>10.087</u>	<u>11.703</u>	<u>13.124</u>
Crude oil	5,545	5,312	5,477	5,358	5,231	5,040
Natural gas						
(in crude oil equivalent) 2/	6,636	5,622	5,311	4,729	6,472	8,084
Utilization						
Domestic consumption 3/	<u>11.414</u>	<u>10.797</u>	<u>9.984</u>	<u>9.284</u>	<u>10.902</u>	<u>12.291</u>
Crude oil	4,778	5,175	4,673	4,555	4,430	4,207
Natural gas (in crude oil equivalent) 2/	6,636	5,622	5,311	4,729	6,472	8,084
Of which: Electricity generation	(3,385)	(3,124)	(2,378)	(3,262)	(4,115)	(5,009)
Trade						
Exports of oil products						
(in crude oil equivalent)	767	137	804	803	801	833

Sources: Data provided by the Myanmar authorities; and staff estimates.

1/ One barrel = 42 U.S. gallons.

2/ The conversion factor used is 1 million cu. ft. of natural gas = 167 barrels of crude oil (1 million BTUs = 1,000 cu. ft. of natural gas).

3/ Including changes in stock.

Table 20. Myanmar: Supply of Primary Energy, 1989/90-1994/95 1/
(In thousands of barrels of crude oil or equivalent)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Commercial primary energy						
Production	<u>12,462</u> (7.5)	<u>11,186</u> (-10.4)	<u>11,089</u> (-0.9)	<u>10,482</u> (-5.5)	<u>12,188</u> (16.3)	<u>13,614</u> (11.7)
Crude oil						
Production	5,545 (14.7)	5,312 (-4.2)	5,477 (3.1)	5,358 (-2.2)	5,231 (-2.4)	5,040 (-3.7)
Natural gas <u>2/</u>						
Production	6,636 (1.6)	5,622 (-15.3)	5,311 (-5.5)	4,726 (-11.0)	6,472 (36.9)	8,084 (24.9)
Coal <u>3/</u>						
Production	190 (29.9)	152 (-19.9)	201 (32.3)	274 (36.6)	348 (26.8)	363 (4.2)
Hydroelectricity <u>4/</u>						
Production	92 (22.5)	101 (9.1)	100 (-0.8)	123 (23.6)	137 (11.4)	128 (-7.1)

Source: Data provided by the Myanma authorities; and staff estimates.

1/ Figures in parentheses are percentage changes over the preceding period.

2/ Converted at 1 million cubic feet of natural gas = 167.1 barrels of crude oil.

3/ Converted at 1 long ton of coal = 4.9 barrels of oil.

4/ Converted at 1 million kwh = 80.6 barrels of oil.

Table 21. Myanmar: Domestic Output of Petroleum Products,
1989/90-1994/95

(In millions of gallons)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Gasoline	40.8	41.6	41.9	47.4	51.5	58.3
Diesel fuel	84.2	84.6	92.4	85.5	87.8	107.1
Furnace oil	25.5	28.7	33.9	36.1	34.8	24.0
Kerosene	1.2	0.6	0.5	0.3	0.3	0.2
Aviation fuel	5.4	8.2	10.6	10.3	11.7	14.5

Source: Data provided by the Myanmar authorities; and staff estimates.

Table 22. Myanmar: Use of Petroleum Products by Industry,
1989/90-1994/95

(In thousands of barrels)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> <u>1994/95</u>
Agriculture	126	103	110	115	263	709
Livestock and fishery	252	120	115	104	111	54
Forestry	172	73	45	37	42	243
Mining	274	321	418	255	268	292
Manufacturing and processing	393	473	648	667	637	484
Power	333	552	741	652	543	345
Construction	140	135	111	222	246	403
Transportation	864	727	716	773	837	910
Other	1,830	2,017	2,208	2,450	2,722	3,145
Total	<u>4,384</u>	<u>4,521</u>	<u>5,112</u>	<u>5,275</u>	<u>5,669</u>	<u>6,585</u>

Source: Data provided by the Myanma authorities.

Table 23. Myanmar: Official Retail Prices of Major Petroleum Products, 1989-95

(In kyats per liter, end of period)

	1989	1990	1991	1992	1993	1994	June 1995
Gasoline	3.52	3.52	3.52	3.52	3.52	5.50	5.50
Diesel fuel	2.31	2.31	2.31	2.31	2.31	4.40	4.40
Furnace oil	1.87	1.87	1.87	1.87	1.87	2.64	2.64
Kerosene	2.97	2.97	2.97	2.97	2.97	3.30	3.30
Memorandum items:							
Import unit value ^{1/}	...	28.6	...	28.7	27.5	...	...
Crude oil	...	...	...	...	...	21.5	...
Diesel oil	...	...	...	...	...	24.8	...
Imports ('000 barrels)							
Crude oil	...	765	507	1,125	1,410	2,437	...
Diesel oil	...	45	--	172	429	864	...

Source: Data provided by the Myanmar authorities.

^{1/} US\$ per barrel, c.i.f. basis.

Table 24. Myanmar: Generation and Consumption of Electricity,
1989/90-1994/95

(In millions of kilowatt hours)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Electricity generation <u>1/</u>	<u>2,494</u>	<u>2,643</u>	<u>2,676</u>	<u>3,007</u>	<u>3,385</u>	<u>3,500</u>
Hydroelectricity	1,144	1,248	1,238	1,530	1,705	1,583
Steam	25	28	26	25	34	45
Gas	1,293	1,293	1,366	1,402	1,595	1,820
Diesel	32	74	46	50	51	52
Total consumption	<u>1,624</u>	<u>1,708</u>	<u>1,698</u>	<u>1,882</u>	<u>2,088</u>	<u>2,168</u>
Domestic	571	629	672	771	883	914
Industrial	805	787	727	769	829	841
Hospitals, offices, schools, etc.	183	214	229	238	263	267
Other <u>2/</u>	65	78	70	104	113	146
Losses <u>3/</u>	870	935	978	1,125	1,297	1,332
Memorandum items:						
Length of electric power lines of MEPE (miles)	11,171	11,642	11,757	12,054	12,105	12,126
Electric generating capacity (megawatts)	793	804	810	807	810	845
Of which: Hydroelectric	(258)	(258)	(260)	(288)	(291)	(299)
Unit sales price (in Kyat)	0.49	0.49	0.50	0.50	0.50	0.91
Unit cost (in Kyat)	0.42	0.46	0.52	0.53	0.55	0.66
Ratio of losses to generation (in percent)	34.9	35.4	36.5	37.4	38.3	38.1

Source: Data provided by the Myanmar authorities.

1/ Units generated by the Myanmar Electric Power Enterprise (MEPE) only.

2/ Including station use.

3/ Includes losses in generation, transmission, and distribution.

Table 25. Myanmar: Indices of Official and Free Market
Prices of Selected Goods, 1991-94

(December 1986 = 100)

		December				June	
		1991	1992	1993	1994	Index	Actual Price (Kyat)
Rice	Official	390	683	683	1,171	1,171	24
	Free	382	636	750	836	1,096	51
Sugar	Official	321	345	345	345	536	45
	Free	228	226	250	417	415	110
Towels	Official	183	182	183	...	...	...
	Free	213	356	411	521	642	116
Washing Soap	Official	400	450	450	450	450	9
	Free	167	224	212	236	276	20
Matches	Official	441	441	441	441	441	1
	Free	192	282	308	308	308	2
Cigarettes	Official	315	315	315	315	315	9
	Free	233	268	215	268	302	34
Candles	Official	310	310	310	310	310	5
	Free	112	119	132	126	123	21
Vest (1/30)	Official	143	347	347	347	347	25
	Free	189	230	260	284	351	49
Long Cloth (White)	Official	187	416	416	416	416	32
	Free	224	302	266	278	305	48

Source: Data provided by the Myanma authorities.

Table 26. Myanmar: Prices of Major Products, 1993-95

(In kyats)

Products	Ex-factory			State stores			Free Market		
	March 1993	March 1994	March 1995	March 1993	March 1994	March 1995	March 1993	March 1994	March 1995
Cement	59	59	66	141	141	189	490	600	500
Plantation sugar (not refined)	21	21	...	27	29	45	53	61	104
Longyi (44"x86") (2 x 60 counts)	105	130	145	139	139	164	250	320	200
Toothpaste (Pepsodent)	5	15	15	7	19	...	26	20	20
Cough syrup (Comethazine)	20	20	20	...	...	...	...	...	...
Pain killer (Analgesin)	32	32	32	47	47	...	600	300	...
Bicycle	1,227	1,227	...	...	...	...	...	...	...
Dry cell batteries	5	5	6	8	8	10	13	13	15
Electric iron	320	320	400	416	416	416	1,700	2,600	...
Truck tire (900 x 20)	3,973	3,973	6,968	...	...	...	...	...	...
Light truck (600 cc.)	81,413	81,431	...	...	...	...	...	...	...
Heavy truck (2,000 cc)	195,412	195,412	200,000	...	...	...	...	...	...
Power tiller	28,369	37,079	59,922	...	...	...	...	...	...

Source: Data provided by the Mynama authorities.

Table 27. Myanmar: Yangon Consumer Price Index, 1989/90-1995

End of period	Weights	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995	
								March	June
(1986 = 100; annual average, end of month)									
All items	<u>100.0</u>	<u>191.7</u>	<u>233.7</u>	<u>301.9</u>	<u>369.1</u>	<u>493.0</u>	<u>603.7</u>	<u>673.8</u>	<u>734.1</u>
Food and beverages	64.9	204.7	256.8	340.6	418.7	585.8	691.9	768.8	858.5
Tobacco	2.3	153.3	167.1	198.1	243.9	273.2	269.7	314.7	314.9
Fuel and light	8.8	182.9	221.1	281.9	353.1	419.9	669.5	761.1	764.0
Clothing	7.1	146.7	184.9	230.6	310.7	351.1	398.0	423.3	443.3
House rent	3.1	116.0	142.4	198.0	220.5	256.4	315.8	359.6	383.3
Other	13.8	182.8	189.7	209.9	230.3	256.1	367.4	430.8	428.1
(Year-on-year percentage change)									
All items	<u>22.5</u>	<u>23.7</u>	<u>21.9</u>	<u>29.1</u>	<u>22.3</u>	<u>33.5</u>	<u>22.5</u>	<u>26.4</u>	<u>32.6</u>
Food and beverages	27.0	24.7	25.4	32.6	22.9	39.9	18.1	24.0	32.4
Tobacco	-3.0	0.9	9.0	18.5	23.1	12.0	-1.3	17.6	12.7
Fuel and light	18.0	26.0	20.9	27.5	25.3	18.9	59.4	48.8	52.2
Clothing	-1.8	22.2	26.1	24.7	34.7	13.0	13.4	18.3	13.4
House rent	1.7	12.4	22.8	39.0	11.4	16.3	23.2	32.5	31.1
Other	25.0	23.7	3.7	10.1	9.7	11.2	43.5	29.9	29.4

Source: Data provided by the Myanma authorities.

Table 28. Myanmar: Population and Employment, 1989/90-1994/95

(In thousands; unless otherwise specified)

	1989/90	1990/91	1991/92	1992/93	1993/94	<u>Est.</u> 1994/95
Population <u>1/</u>	<u>40,034</u>	<u>40,786</u>	<u>41,552</u>	<u>42,333</u>	<u>43,116</u>	<u>43,922</u>
Growth rate (in percent)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Total employment	<u>15,221</u>	<u>15,737</u>	<u>16,007</u>	<u>16,469</u>	<u>16,817</u>	<u>17,230</u>
Growth rate (in percent)	(-5.1)	(3.4)	(1.7)	(2.9)	(2.1)	(2.5)
Agriculture	10,079	10,316	10,521	10,780	10,972	11,115
Livestock and fishery	360	365	373	380	390	388
Forestry	175	186	182	187	189	186
Mining	78	79	79	83	87	105
Manufacturing and processing	1,137	1,132	1,124	1,195	1,250	1,410
Construction	174	188	283	288	292	327
Power	17	17	17	17	17	18
Transportation and communications	385	388	394	412	420	431
Social services	394	558	507	525	531	548
Administration	562	647	698	713	733	739
Trade	1,405	1,396	1,355	1,407	1,450	1,663
Other	455	465	474	482	486	300
Employment by sector	<u>15,221</u>	<u>15,737</u>	<u>16,007</u>	<u>16,469</u>	<u>16,817</u>	<u>17,230</u>
Public sector <u>2/</u>	1,317	1,358	1,382	1,377	1,380	1,382
Private sector and cooperatives	13,904	14,379	14,625	15,092	15,437	15,848
Percentage share of total	(91.3)	(91.4)	(91.4)	(91.6)	(91.8)	(92.0)
Memorandum item:						
Labor force <u>3/</u>	...	<u>16,530</u>	<u>16,955</u>	<u>17,391</u>	<u>17,838</u>	<u>18,296</u>
Urban	...	3,700	3,795	3,892	3,992	4,094
Rural	...	12,830	13,160	13,499	13,846	14,202

Source: Data provided by the Myanmar authorities.

1/ Data for mid-fiscal year.2/ Including casual labor.3/ Projections based on the Myanmar Labor Force Survey, 1990.

Table 29. Myanmar: Employment and Wages in the Public Sector, 1989/90-1994/95

	1989/90	1990/91	1991/92	1992/93	<u>Prov.</u> 1993/94	<u>Est.</u> 1994/95
<u>(In thousands)</u>						
Number of employees	<u>862</u>	<u>891</u>	<u>897</u>	<u>875</u>	<u>878</u>	<u>878</u>
Union Government 1/	532	550	558	561	568	568
Local bodies 2/	18	18	18	1	1	1
State economic enterprises	312	323	321	313	309	309
<u>(In millions of kyats)</u>						
Public sector wage and pension bill	<u>9,244</u>	<u>9,669</u>	<u>9,758</u>	<u>10,813</u>	<u>14,131</u>	<u>15,697</u>
Wages and salaries	8,634	8,964	9,023	9,756	12,806	14,196
Union Government 1/	5,420	5,617	5,704	5,206	6,750	7,127
Local bodies 2/	144	150	150	3	3	4
State economic enterprises 3/	3,070	3,197	3,169	4,347	6,053	7,065
Pensions and gratuities	610	705	735	1,057	1,325	1,501
Union Government 1/	327	396	397	720	890	1,001
Local bodies 2/	14	15	17	--	--	--
State economic enterprises	269	294	321	337	435	500
<u>(In kyats)</u>						
Annual wage and pension per employee	10,724	10,852	10,878	12,365	16,104	17,885
Union Government	10,803	10,933	10,934	10,563	13,451	14,310
Local bodies 2/	8,778	9,167	9,278	...	...	...
State economic enterprises 3/	10,702	10,808	10,872	15,604	20,997	24,482

Source: Data provided by the Myanma authorities.

1/ Including representative bodies and excluding the armed forces and casual labor.

2/ Starting 1992/93, data exclude larger municipalities such as Yangon and Mandalay which were granted budgetary autonomy.

3/ Excluding bonus payments.

Table 30. Myanmar: Summary of Consolidated Nonfinancial
Public Sector Operations, 1991/92-1995/96

	1991/92	1992/93	1993/94	1994/95 Prov.	1995/96 Budget
(In billions of kyats)					
Receipts	<u>18.3</u>	<u>20.7</u>	<u>27.8</u>	<u>32.5</u>	<u>29.0</u>
Union Government	15.9	20.7	27.8	32.5	29.0
Tax revenue	(10.5)	(12.6)	(17.0)	(20.3)	(15.7)
State enterprise contributions	(3.3)	(5.0)	(6.6)	(7.8)	(8.7)
Other nontax revenue	(1.6)	(2.7)	(3.5)	(3.4)	(3.8)
Foreign grants	(0.4)	(0.4)	(0.6)	(1.0)	(0.8)
Local authorities	2.4	--	--	--	--
Expenditures	<u>31.3</u>	<u>33.7</u>	<u>44.0</u>	<u>59.9</u>	<u>48.9</u>
Current expenditures	20.4	23.4	34.4	36.2	33.4
Union government	18.5	20.8	27.8	30.8	31.2
Wages and salaries	(5.7)	(5.2)	(6.8)	(7.1)	(8.0)
Other, excluding interest	(12.2)	(15.0)	(20.5)	(23.0)	(22.5)
External interest due	(0.6)	(0.6)	(0.5)	(0.6)	(0.7)
Local authorities	0.9	--	0.1	--	--
State enterprise current deficit	0.9	2.6	6.5	5.4	2.2
Capital expenditures	10.6	9.8	9.4	17.7	15.3
Union Government	(6.6)	(6.5)	(6.3)	(11.8)	(10.6)
Local authorities	(0.9)	(--)	(--)	(--)	(--)
State enterprises	(3.1)	(3.3)	(3.1)	(5.8)	(4.7)
Unidentified expenditures	--	--	--	5.4	--
Lending minus repayments	0.4	0.5	0.2	0.6	0.2
Overall balance (on commitment basis)	<u>-13.1</u>	<u>-13.0</u>	<u>-16.2</u>	<u>-27.4</u>	<u>-19.9</u>
Financing	<u>13.1</u>	<u>13.0</u>	<u>16.2</u>	<u>27.4</u>	<u>19.9</u>
Foreign loans (net)	-1.0	-1.0	-0.9	-0.7	-1.0
Foreign loans (gross)	(0.4)	(0.5)	(0.5)	(0.8)	(0.4)
Amortization due	(-1.3)	(-1.5)	(-1.5)	(-1.4)	(-1.4)
Change in arrears	1.3	1.8	1.3	0.8	0.4
Domestic financing	12.7	12.3	15.8	27.3	20.6
Bank	(12.7)	(12.3)	(15.8)	(27.3)	(20.6)
Nonbank	(--)	(--)	(--)	(--)	(--)
Memorandum items:					
Defense expenditure (in billions of kyats)	6.1	9.1	13.9	14.1	15.5
(In percent of GDP)					
Revenues	9.6	8.1	7.7	7.2	5.9
Of which: tax revenue	5.6	5.0	4.8	4.6	3.3
Total expenditure	16.8	13.5	12.5	13.7 ^{1/}	10.3
Current expenditure	10.9	9.4	9.8	8.3	7.0
Current account balance	-1.5	-1.5	-2.2	-1.0	-1.1
Capital expenditure	5.7	3.9	2.7	4.0	3.2
Overall balance	-7.0	-5.2	-4.6	-6.3	-4.2
Of which: bank financing	6.8	4.9	4.5	6.3	4.3
Nominal GDP (in billions of kyats)	186.8	249.4	351.3	436.4	475.2

Source: Budget Department, Ministry of Finance and Revenue.

^{1/} Includes unidentified expenditures.

Table 31. Myanmar: Revenues of Consolidated Nonfinancial
Public Sector, 1991/92-1995/96

(In billions of kyats)

	1991/92	1992/93	1993/94 Actual	1994/95 Prov.	1995/96 Budget
Total revenue and grants	<u>18.3</u>	<u>20.7</u>	<u>27.8</u>	<u>32.5</u>	<u>29.0</u>
Tax revenue	10.5	12.6	17.0	20.3	15.7
Taxes on income	2.0	3.2	4.7	7.1	4.5
Income tax	(1.0)	(2.0)	(3.0)	(3.7)	(4.5)
Profit tax	(1.0)	(1.2)	(1.7)	(3.4)	(--)
Commercial tax	3.9	4.1	5.3	6.0	6.2
Taxes on property use	0.7	0.9	1.2	0.9	0.9
Land tax	(--)	(--)	(--)	(0.1)	(--)
Extraction of forestry products	(0.4)	(0.5)	(0.7)	(0.5)	(0.5)
Extraction of mineral products	(--)	(--)	(--)	(--)	(--)
Fisheries tax	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)
Water tax	(--)	(--)	(--)	(--)	(--)
Customs duties	2.6	2.8	3.9	4.0	(2.2)
Excise duties	--	--	0.1	0.1	(0.1)
Other	1.3	1.5	1.8	2.2	1.8
Import license fee	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
State Lottery	(0.8)	(1.1)	(1.3)	(1.5)	(1.4)
Motor vehicle tax	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Stamp duties	(0.1)	(0.3)	(0.3)	(0.4)	(0.2)
Nontax revenue	7.3	7.7	10.2	11.3	12.5
Contributions from SEEs	3.3	5.0	6.6	7.8	8.7
Local authorities' revenue ^{1/}	2.4	--	--	--	--
Other	1.6	2.7	3.5	3.4	3.8
School fees	(0.2)	(0.1)	(0.3)	(0.3)	(0.4)
Mech. agri. department receipts	(0.1)	(0.1)	(0.2)	(0.9)	(1.1)
UG capital receipts	(0.1)	(0.9)	(1.2)	(0.7)	(0.7)
Other UG receipts	(0.9)	(1.2)	(1.6)	(1.2)	(1.2)
Representative bodies receipts	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Public debt account receipts	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Foreign grants	0.4	0.4	0.6	1.0	0.8

Source: Ministry of Finance and Revenue.

^{1/} Starting 1992/93, data exclude larger municipalities.

Table 32. Myanmar: Union Government Current Expenditure,
1991/92-1995/96 1/

(In billions of kyats)

	1991/92	1992/93	1993/94	1994/95 Prov.	1995/96 Budget
General services	2.0	2.1	2.5	2.7	2.6
SLORC, etc.	(0.4)	(0.4)	(0.5)	(0.6)	(0.6)
Home	(1.4)	(1.4)	(1.7)	(1.8)	(1.7)
Information	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Foreign affairs	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Defense <u>2/</u>	6.1	9.1	13.9	14.1	15.5
Economic services	2.6	2.9	2.9	4.9	4.8
Agriculture and forestry	(1.0)	(1.2)	(1.5)	(2.2)	(2.5)
Industry	(--)	(--)	(--)	(--)	(0.1)
Mines	(--)	(--)	(--)	(--)	(0.1)
Transport and communications	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Public works and housing	(1.0)	(1.0)	(0.6)	(1.8)	(1.4)
Cooperatives	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
Planning and finance	(0.2)	(0.3)	(0.3)	(0.4)	(0.3)
Social services	5.5	5.6	6.8	7.0	7.3
Education	(3.6)	(3.6)	(4.5)	(4.4)	(4.5)
Health	(0.7)	(0.8)	(0.9)	(0.9)	(0.9)
Pensions and gratuities	(1.0)	(1.0)	(1.2)	(1.3)	(1.5)
Social welfare	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Interest due <u>3/</u>	0.6	0.6	0.5	0.6	0.7
Other current expenditure <u>4/</u>	1.7	0.6	1.2	1.4	0.5
Total	<u>18.5</u>	<u>20.8</u>	<u>27.8</u>	<u>30.8</u>	<u>31.2</u>

Source: Ministry of Finance and Revenue.

1/ On a cash basis, except for interest payments.

2/ All defense expenditure is classified as current expenditure.

3/ Interest on domestic debt is incorporated in SEE's current surplus/deficit.

4/ Includes contributions to international organizations, Reserve Fund, and an unallocated expenditure.

Table 33. Myanmar: Union Government Capital Expenditure,
1991/92-1995/96 1/

(In billions of kyats)

	1991/92	1992/93	1993/94	1994/95 Prov.	1995/96 Budget
Representative bodies	0.3	0.1	0.1	0.6	0.3
General services	0.9	0.7	0.3	0.4	0.3
Economic services	2.7	3.0	3.6	7.6	6.7
Agriculture and forestry	(0.5)	(0.8)	(1.2)	(2.7)	(2.7)
Transport and communications	(0.2)	(0.2)	(0.5)	(0.7)	(0.9)
Public works and housing	(1.8)	(1.8)	(1.7)	(4.0)	(3.0)
Planning and finance	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Social services	2.4	2.4	1.8	2.2	2.3
Education	(1.2)	(1.2)	(1.0)	(1.2)	(1.3)
Health	(1.2)	(1.3)	(0.8)	(0.9)	(1.0)
Other	0.3	0.3	0.5	1.1	1.1
Total	<u>6.6</u>	<u>6.5</u>	<u>6.3</u>	<u>11.8</u>	<u>10.6</u>

Source: Ministry of Finance and Revenue.

1/ On a cash basis.

Table 34. Myanmar: Sectoral Breakdown of SEEs' Current Surplus and Capital Expenditure, 1987/88-1995/96

	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95 Prov.	1995/96 Budget
<u>(In millions of kyats)</u>									
Agricultural and forestry									
Current surplus	-542	-318	-164	-681	-454	-627	-751	-822	-370
Capital expenditure	251	277	332	531	362	557	330	416	617
Fisheries and pearls									
Current surplus	-55	-17	25	15	-93	-244	-705	37	19
Capital expenditure	99	98	58	112	104	168	67	7	12
Industrial									
Current surplus	455	-542	1,282	546	865	849	1,089	1,174	1,192
Capital expenditure	1,092	533	502	662	297	599	228	283	310
Minerals									
Current surplus	86	92	27	-337	-8	-249	-11	-196	-87
Capital expenditure	374	515	447	373	182	248	186	348	214
Construction									
Current surplus	176	-4	202	-67	42	340	-247	53	333
Capital expenditure	11	4	20	32	73	58	77	266	70
Power									
Current surplus	239	262	72	226	163	260	272	553	404
Capital expenditure	774	483	645	981	556	696	585	1,019	637
Transport									
Current surplus	690	565	429	306	873	28	876	-107	574
Capital expenditure	979	566	785	1,704	1,012	1,145	1,212	2,595	2,377
Trade councils									
Current surplus	528	-795	43	-720	-1,841	47	-5,132	-4,898	-2,380
Capital expenditure	182	79	231	322	533	496	379	570	306
Other									
Current surplus	-2,278	-2,023	-1,167	187	446	295	374	1,064	408
Capital expenditure	64	66	80	226	228	254	309	619	451
Total SEEs									
Current surplus	-701	-2,780	749	-525	-7	699	-4,235	-3,142	93
Capital expenditure 2/	3,826	2,621	3,100	3,943	3,347	4,221	3,373	6,123	4,994
Overall balance	-4,527	-5,401	-2,351	-4,468	-3,354	-3,522	-7,608	-9,265	-4,901
<u>(In percent of GDP)</u>									
Memorandum items:									
Total SEEs									
Current surplus	-1.0	-3.7	0.6	-0.4	--	0.3	-1.2	-0.7	0.2
Capital expenditure	5.6	3.4	2.5	3.3	1.8	1.7	1.0	1.4	1.1
Overall balance	-6.6	-7.1	-1.9	-2.9	-1.8	-1.4	-2.2	-2.1	1.0

Source: Data provided by the Myanmar authorities.

1/ Current surplus is recorded on a cash basis before payments of interest but after contribution to the Union Government.

2/ Gross capital expenditure excluding capital revenue.

Table 35. Myanmar: Myanma Agricultural and Rural Development Bank
Credit, 1989/90-1995/96

(In millions of kyats)

	Amount Disbursed	Amount Recovered <u>1/</u>	Recovery Rate <u>2/</u>
Crop loans			
1989/90	1,616	1,616	100
1990/91	1,524	1,524	100
1991/92	1,533	1,533	100
1992/93	1,759	1,758	100
1993/94	2,609	2,609	100
1994/95	2,781	2,351	85
1995/96 <u>3/</u>	6,171		
Development loans <u>4/</u>			
1989/90	54	53	99
1990/91	108	94	86
1991/92	369	292	95
1992/93	693	481	111
1993/94	562	220	92
1994/95	481	8	...

Source: Data provided by the Myanma authorities.

1/ As of March 31, 1995.

2/ Defined as the ratio of amount (due for repayment) recovered to amount disbursed for that crop season.

3/ Disbursements through July 31, 1995.

4/ Term loans extended beyond one cultivating season. These include loans to individual farmers and to farming cooperatives for purchase of water pumps, power tillers, draft cattle, etc., and some seasonal loans at special higher rates to Lower Myanmar Paddy Land Development Project areas.

Table 36. Myanmar: Monetary Survey, 1990-95

	1990		1991		1992		1993		1994		1995
	March	Sept.	March	Sept.	March	Sept.	March	Sept.	March	Sept.	March
(In millions of kyats)											
Net foreign assets	2,661	1,737	1,537	1,065	1,505	1,415	1,614	1,651	1,400	1,186	1,873
Domestic credit	<u>49,155</u>	<u>55,049</u>	<u>64,474</u>	<u>68,764</u>	<u>81,071</u>	<u>88,061</u>	<u>102,510</u>	<u>108,358</u>	<u>118,460</u>	<u>130,799</u>	<u>151,128</u>
Union Government (net) 1/	46,345	48,450	56,222	57,339	68,592	70,548	81,503	83,474	96,467	104,393	123,755
Private sector	2,810	6,599	8,252	11,425	12,479	17,513	21,007	24,884	21,993	26,406	27,373
Cooperatives	2,069	2,762	4,433	5,146	5,886	7,106	7,881	7,790	6,160	5,803	5,729
Rest of private sector	741	3,837	3,819	6,279	6,593	10,407	13,126	17,094	15,833	20,603	21,644
Total liquidity	<u>35,021</u>	<u>40,965</u>	<u>51,006</u>	<u>53,084</u>	<u>66,791</u>	<u>74,242</u>	<u>89,542</u>	<u>94,035</u>	<u>109,927</u>	<u>120,459</u>	<u>152,894</u>
Money	25,300	30,066	38,918	40,882	52,307	57,009	70,428	72,649	84,380	88,939	115,954
Of which:											
Currency in circulation	23,218	27,257	35,140	36,717	46,584	51,556	63,871	65,882	76,749	81,170	106,023
Foreign-currency-denominated deposits	283	557	719	764	867	999	1,345	...	1,005	1,158	1,224
Quasi-money	9,721	10,899	12,088	14,202	14,484	17,233	19,114	21,386	25,547	31,520	36,940
Net other liabilities	16,795	15,821	15,005	14,745	15,785	15,234	14,582	15,974	9,933	11,526	107
(Percentage change)											
Domestic credit	<u>19.2</u>	<u>26.0</u>	<u>31.2</u>	<u>24.9</u>	<u>25.7</u>	<u>28.1</u>	<u>26.4</u>	<u>23.0</u>	<u>15.6</u>	<u>20.7</u>	<u>27.6</u>
Public sector (net)	18.8	20.1	21.3	18.3	22.0	23.0	18.8	18.3	18.4	25.1	28.3
Private sector	26.4	97.2	193.7	73.1	51.2	53.3	68.3	42.1	4.7	6.1	24.5
Total liquidity	<u>36.0</u>	<u>38.2</u>	<u>45.6</u>	<u>34.5</u>	<u>30.9</u>	<u>34.8</u>	<u>34.1</u>	<u>26.7</u>	<u>22.8</u>	<u>28.1</u>	<u>39.1</u>
Money	39.8	49.7	53.8	36.0	34.4	39.4	34.6	27.4	19.8	22.4	37.4
Quasi-money	26.9	14.1	24.3	30.3	19.8	21.3	32.0	24.1	33.7	47.4	44.6
Memorandum item:											
FECs in circulation (millions of U.S. dollars)	--	--	--	--	--	--	0.330	...	2.546	...	6.691

Sources: Data provided by the Myanmar authorities; and staff estimates.

1/ The bulk of outstanding credit to SEEs was swapped for government equity at the end of March 1989.

Table 37. Myanmar: Bank Deposits and Loans, 1989/90-1994/95

(In millions of kyats: end of period)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Deposits and savings certificates	<u>11.803</u>	<u>15.866</u>	<u>20.207</u>	<u>25.671</u>	<u>33.178</u>	<u>46.871</u>
Demand and time deposits	2,085	3,781	5,726	6,658	7,824	10,688
Savings deposits	7,187	9,402	11,686	15,619	21,539	31,539
Savings certificates ^{1/}	2,531	2,683	2,795	3,394	3,815	4,644
Loans						
State economic enterprises ^{2/}	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>17</u>	<u>17</u>
Cooperatives	<u>2.069</u>	<u>4.433</u>	<u>5.886</u>	<u>7.881</u>	<u>6.160</u>	<u>5.729</u>
Working capital loans	2,018	4,381	5,791	7,824	6,102	5,671
Term loans	51	52	95	57	58	58
Private sector	<u>741</u>	<u>3.819</u>	<u>6.593</u>	<u>13.126</u>	<u>15.833</u>	<u>21.644</u>
Agriculture	438	455	759	1,293	1,438	1,625
Other	303	3,364	5,834	11,833	14,395	20,019

Source: Data provided by the Myanma authorities.

^{1/} Twelve-year maturity.^{2/} At the end of 1988/89, the bulk of credit to the SEEs was swapped for government equity.

Table 38. Myanmar: Selected Interest Rates, 1989-95

(In percent per annum)

End of period	1989	1990	1991	1992	1993	1994	August 1995
Central bank rate	11.0	11.0	11.0	11.0	11.0	11.0	12.5
Treasury bills and bonds							
Three-month treasury bills	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Three-year treasury bonds	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Five-year treasury bonds	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Deposit rates							
Call deposits	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Fixed deposits							
Three months	8.5	8.5	8.5	8.5	8.5	8.5	9.5
Six months	9.0	9.0	9.0	9.0	9.0	9.0	10.0
Nine months	9.5	9.5	9.5	9.5	9.5	9.5	10.5
Savings bank accounts							
Basic rate	8.0	8.0	8.0	10.0	10.0	10.0	10.0
Premium on three-year minimum balance	2.0	2.0	2.0	--	--	--	--
Savings certificates							
Twelve-year maturity	10.9	10.9	10.9	12.0	12.0	12.0	12.0
Lending rates							
State economic enterprises <u>1/</u>	...	...	...	...	...	...	...
Cooperatives							
Working capital loans <u>2/</u>	15.0	15.0	15.0	16.5	16.5	16.5	16.5
Term loans	12.0	12.0	12.0	15.0	15.0	15.0	15.0
Paddy loans <u>3/</u>	15.0	15.0	4.0-8.0	4.0-8.0	4.0-8.0	...	...
Private sector							
Agriculture							
To village banks <u>4/</u>	13.0	13.0	13.0	13.0	13.0	13.0	13.0
To farmers <u>5/</u>	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Car purchase loans	15.0	15.0	15.0	15.0	15.0	15.0	15.0
House repair and other loans <u>6/</u>	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Small personal loans	36.0	36.0	36.0	36.0	36.0	36.0	36.0
Trade <u>7/</u>							
Working capital loans	15.0	15.0	15.0	16.5	16.5	16.5	16.5
Term loans	12.0	12.0	12.0	14.5	14.5	14.5	14.5

Source: Data provided by the Myanmar authorities.

1/ Since the introduction of the new financial system in April 1989, state enterprises receive credit through the budget at zero interest, but are not allowed to borrow from the banking system in their own right.

2/ Overdrafts are charged an additional 0.5 percent.

3/ The extension of special paddy procurement loans was discontinued in 1993.

4/ Lending rate of the Myanmar Agricultural and Rural Development Bank.

5/ Relending rate of village banks.

6/ For government employees, the rate is generally reduced to 5 percent. Moreover, a special scheme of interest-free housing loans for civil servants was in place during 1990-93.

7/ For financing of domestic and foreign trade of joint ventures and private entrepreneurs.

Table 39. Myanmar: Balance of Payments, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Trade balance	<u>-492</u>	<u>-412</u>	<u>-420</u>	<u>-606</u>	<u>-737</u>
Exports, mainly f.o.b.	477	431	591	696	810
Of which: border trade	(78)	(101)	(104)	(79)	(77)
Imports, mainly f.o.b.	-970	-842	-1,010	-1,302	-1,547
Of which: border trade	(-231)	(-260)	(-250)	(-258)	(-316)
Services (net)	<u>-111</u>	<u>-15</u>	<u>22</u>	<u>41</u>	<u>86</u>
Receipts	190	180	274	247	315
Payments	-301	-195	-252	-206	-229
Of which: interest due	(-88)	(-95)	(-101)	(-81)	(-110)
Private transfers (net)	77	83	122	273	312
Current account balance (excl. grants)	-527	-344	-275	-292	-340
Official grants	29	64	71	98	166
Nonmonetary capital movements	<u>136</u>	<u>94</u>	<u>-36</u>	<u>-58</u>	<u>129</u>
Long-term capital (net)	-76	-150	-170	-152	-113
Disbursements	122	61	81	89	134
Repayments due	-198	-212	-251	-241	-246
Foreign direct investment	219	249	138	96	245
Other capital, net	-6	-4	-4	-3	-3
Trust Fund (net)	-2	--	--	--	--
Errors and omissions (net)	-11	-46	-39	-22	-5
Overall balance	-372	-233	-278	-273	-50
Exceptional financing					
Accumulation of arrears	217	218	294	241	137
Monetary movements	<u>156</u>	<u>14</u>	<u>-16</u>	<u>32</u>	<u>-87</u>
Gross reserves	157	15	10	32	-87
Other liabilities	-1	--	-26	--	--
Memorandum items:					
Current account balance (percent of merchandise exports)	-110	-80	-47	-42	-42
Current account balance, including grants (percent of merchandise exports)	-104	-65	-34	-28	-22
Gross reserves (end of period)	311	297	286	254	341
In months of merchandise imports	(3.9)	(4.2)	(3.4)	(2.3)	(2.6)
Debt service ratio ^{1/}					
Commitment basis	45	51	41	37	32
Cash basis	11	15	7	12	20
Stock of arrears outstanding	587	809	1,103	1,344	1,482

Sources: Data provided by the Myanma authorities; and staff estimates.

^{1/} Including Fund repurchases; in percent of exports of goods and services.

Table 40. Myanmar: Merchandise Exports, 1990/91-1994/95

(Value in millions of U.S. dollars; volume in thousands
of metric tons unless otherwise indicated)

	1990/91	1991/92	1992/93	1993/94	1994/95
Exports, mainly f.o.b.	477.3	430.6	590.7	695.6	810.0
Unit value ^{1/}	93.9	95.1	82.6	79.6	88.5
Volume ^{1/}	156.8	139.6	220.6	269.6	282.2
Rice and rice products	27.7	40.0	41.0	43.8	197.1
Unit value	207.0	218.5	206.2	167.8	190.6
Volume	133.8	183.1	198.8	261.1	1,033.9
Teak ^{2/}	119.0	106.4	103.6	121.3	123.5
Unit value	473.3	619.3	537.6	551.1	972.4
Volume ('000 cubic tons)	251.4	171.8	192.7	220.1	127.0
Base metals and ores	11.5	7.7	4.5	4.8	6.8
Unit value	351.7	235.5	203.6	191.2	213.2
Volume	32.7	32.7	22.1	25.1	31.9
Pulses and beans	82.9	68.4	109.7	118.6	133.3
Unit value	426.2	350.4	244.2	230.6	325.0
Volume	194.5	195.2	449.3	514.3	410.2
Fish and fish products	5.8	5.6	7.2	3.8	9.1
Unit value	500.0	543.7	533.3	808.5	2,022.2
Volume	11.6	10.3	13.5	4.7	4.5
Hardwood ^{2/}	41.7	42.0	52.6	81.8	19.2
Unit value ^{3/}	114.4	135.7	162.2	168.5	340.4
Volume ('000 cubic tons)	364.4	309.5	324.4	485.5	56.4
Rubber	0.5	5.4	11.6	15.0	20.5
Unit value	625.0	658.5	651.7	657.9	861.3
Volume ('000 cubic tons)	0.8	8.2	17.8	22.8	23.8
Animal feedstuffs	1.9	2.2	4.4	6.2	1.4
Unit value	74.5	80.3	100.5	101.3	162.8
Volume	25.5	27.4	43.8	61.2	8.6
Other (mostly agro-based) ^{4/}	186.3	152.9	256.1	300.3	299.1
Of which: Border trade	77.5	100.7	104.3	78.8	77.0

Sources: Data provided by the Myanmar authorities; and staff estimates.

^{1/} 1985/86 = 100

^{2/} In 1994/95, teak and hardwoods exports comprised mainly processed and semi-processed wood products; in prior years such exports were mainly unprocessed logs.

^{3/} Includes only exports by the government agency (Myanmar Timber Enterprises). Private exports through the border are included in the item "Other," and are estimated to be as large as the official exports.

^{4/} Private sector exports only.

Table 41. Myanmar: Imports by Major Categories,
1990/91-1994/95

	1990/91	1991/92	1992/93	1993/94	1994/95
<u>(In millions of U.S. dollars)</u>					
Imports (mainly c.i.f., customs basis)	<u>888.6</u>	<u>850.5</u>	<u>882.8</u>	<u>1,297.1</u>	<u>1,547.4</u>
Capital goods	<u>306.7</u>	<u>249.9</u>	<u>288.0</u>	<u>454.6</u>	<u>631.5</u>
Construction materials	80.4	65.6	97.2	83.1	...
Machinery	148.7	75.1	65.0	134.9	...
Transportation	64.4	101.7	119.0	223.3	...
Other	13.2	7.5	6.8	13.3	...
Intermediate goods	<u>267.2</u>	<u>243.2</u>	<u>185.6</u>	<u>348.4</u>	<u>386.9</u>
Raw materials	171.8	165.3	125.8	297.5	...
Tools and spare parts	95.4	77.9	59.8	50.4	...
Fuels	--	--	--	0.5	...
Consumer goods	<u>314.7</u>	<u>357.4</u>	<u>409.2</u>	<u>494.1</u>	<u>529.0</u>
Food	17.5	26.8	100.7	137.7	...
Durable goods	37.2	35.5	38.0	39.0	...
Textiles	5.5	6.2	9.2	27.8	...
Medicines	15.1	19.3	2.2	3.9	...
Other	239.4	269.6	259.1	285.7	...
<u>(Percentage share in total imports)</u>					
Memorandum items:					
Capital goods	34.5	29.4	32.6	35.0	40.8
Intermediate goods	30.1	28.6	21.0	26.9	25.0
Consumer goods	35.4	42.0	46.4	38.1	34.2
<u>(In millions of U.S. dollars)</u>					
Imports (BOP basis)	969.6	842.3	1,010.2	1,301.7	1,547.4

Sources: Data provided by the Myanmar authorities; and staff estimates.

Table 42. Myanmar: Trade Indices, 1990/91-1994/95

	1990/91	1991/92	1992/93	1993/94	1994/95
(Index: 1985/86 = 100)					
Exports					
Value	147.2	132.8	182.1	214.5	249.7
Unit value	93.9	95.1	82.6	79.6	88.5
Volume	156.8	139.6	220.6	269.6	282.2
Imports					
Value	165.5	143.7	172.4	222.1	264.1
Unit value ^{1/}	131.1	138.7	140.1	140.7	146.1
Volume	126.2	103.6	123.0	157.9	180.7
Terms of trade	71.6	68.6	58.9	56.5	60.6
(Changes in percent)					
Exports					
Value	12.7	-9.8	37.2	17.8	16.4
Unit value	5.5	1.4	-13.2	-3.6	11.2
Volume	6.9	-11.0	58.0	22.2	4.7
Imports					
Value	78.7	-13.1	19.9	28.9	18.9
Unit value ^{1/}	10.2	5.8	1.0	0.4	3.9
Volume	62.2	-17.9	18.7	28.3	14.5
Terms of trade	-4.3	-4.2	-14.1	-4.1	7.1

Sources: Data provided by the Myanmar authorities; and staff estimates.

^{1/} On the basis of export unit value indices of trading partners.

Table 43. Myanmar: Direction of Trade, 1990/91-1993/94 1/

(As percent of total exports and imports)

	1990/91		1991/92		1992/93		1993/94	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Industrial countries	<u>10.8</u>	<u>40.6</u>	<u>9.4</u>	<u>37.3</u>	<u>9.7</u>	<u>38.2</u>	<u>11.8</u>	<u>35.7</u>
European Community	3.1	10.6	2.2	10.8	2.9	4.6	2.9	5.7
Of which:								
Germany 2/	(0.8)	(3.3)	(1.1)	(5.5)	(1.8)	(2.1)	(1.2)	(3.1)
United Kingdom	(0.2)	(2.7)	(0.1)	(1.8)	(0.3)	(0.9)	(0.5)	(0.7)
Japan	7.5	16.3	6.5	21.9	4.1	28.6	4.4	25.5
United States	0.1	12.3	0.4	3.1	2.0	4.2	3.7	3.5
Other	0.1	1.4	0.3	1.5	0.7	0.8	0.8	0.9
Asia (except Japan)	<u>86.2</u>	<u>53.8</u>	<u>86.4</u>	<u>58.8</u>	<u>79.5</u>	<u>57.2</u>	<u>79.0</u>	<u>61.2</u>
China	13.4	21.8	15.0	16.8	9.3	17.7	5.0	15.9
Hong Kong	8.4	0.6	7.4	0.5	9.0	0.7	10.7	1.7
Indonesia	--	0.3	1.8	1.0	0.4	2.2	1.7	4.1
India	17.7	0.7	11.1	2.8	16.8	2.3	15.0	3.6
Korea	0.5	3.6	0.8	2.5	0.8	3.3	0.9	3.7
Malaysia	1.4	7.0	1.3	7.2	1.6	6.1	2.3	7.2
Singapore	28.6	9.7	23.3	12.4	16.5	10.7	19.4	10.3
Thailand	13.1	10.1	19.6	15.0	16.4	13.0	17.4	10.9
Other	3.1	--	6.1	0.6	8.7	1.2	6.6	3.8
Africa and Middle East	2.1	1.8	3.5	0.9	4.5	2.1	5.1	1.6
Other	0.9	3.8	0.7	3.0	6.3	2.5	4.1	1.6
Memorandum item:								
Asia (including Japan)	93.7	70.1	92.9	80.7	83.6	85.8	83.4	86.7

Source: Data provided by the Myanmar authorities.

1/ It should be noted that the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. The term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

2/ Until 1990, the (former) Federal Republic of Germany.

Table 44. Myanmar: Border Trade Flows, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Total flows					
Exports	77.5	100.7	104.3	78.8	77.0
Imports	230.8	259.9	249.9	257.7	316.1
Major trading partner countries					
China					
Exports	56.1	67.8	54.4	30.9	45.8
Imports	142.2	122.0	138.5	121.7	...
Thailand					
Exports	21.1	26.1	40.4	36.8	30.0
Imports	84.3	118.4	102.6	128.6	...
India					
Exports	0.3	1.5	3.4	1.7	0.8
Imports	4.3	19.4	8.1	7.0	...
Bangladesh					
Exports	--	5.3	6.1	9.4	0.4
Imports	--	0.1	0.7	0.4	...

Source: Data provided by the Myanma authorities.

Table 45. Myanmar: Services Account, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Receipts	190.3	179.6	274.4	246.7	314.9
Nonfactor services	163.7	170.4	269.0	242.2	309.5
Transportation and insurance	9.1	4.0	3.1	4.9	7.8
Travel	24.4	35.4	116.6	117.9	169.7
Government services	12.1	13.2	12.6	15.6	17.1
Other	118.1	117.7	136.7	103.8	114.9
Factor services (Investment income)	26.6	9.3	5.4	4.5	5.4
Payments	301.0	195.0	252.1	205.9	228.9
Nonfactor services	212.6	100.3	151.3	125.0	119.3
Transportation and insurance	19.6	24.0	20.3	20.5	23.2
Travel	9.1	9.5	9.1	10.2	13.6
Government services	15.2	19.4	9.3	16.7	14.6
Other	168.7	47.4	112.6	77.6	67.9
Factor services due Of which:	88.4	94.7	100.8	80.9	109.6
Actual payment	19.1	55.6	30.6	74.8	68.9
Net receipts	-110.7	-15.4	22.3	40.8	86.0
Private transfers, net	76.5	82.7	122.0	273.4	311.6

Source: Data provided by the Myanma authorities, adjusted for staff estimates of interest due.

Table 46. Myanmar: Use of Official Grants, 1989/90-1994/95

(In millions of U.S. dollars)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Total official grants <u>1/</u>	42.9	29.2	64.4	71.4	98.4	165.7
By type						
For current expenditure <u>2/</u>	8.1	8.0	48.9	57.3	84.2	144.2
For capital expenditure	34.8	21.2	15.5	14.1	14.2	21.5

Source: Data provided by the Myanma authorities.

1/ As shown in the balance of payments table.

2/ The large increase since 1991/92 is primarily associated with debt relief grants from Japan.

Table 47. Myanmar: Capital Account in the Balance of Payments,
1990/91-1994/95

(In millions of U.S. dollars)

	1990/91	1991/92	1992/93	1993/94	1994/95
Long-term capital (net) <u>1/</u>	135.8	93.9	-36.1	-58.3	128.5
Loans (net)	-76.0	-150.3	-169.8	-151.7	-112.7
Disbursements	121.9	61.4	80.8	89.4	133.5
Repayments <u>2/</u>	197.9	211.7	250.6	-241.1	-246.2
IMF Trust Fund	-1.7	--	--	--	--
Direct investment	219.0	248.6	137.5	96.2	244.5
Other capital (net) <u>1/</u>	-5.5	-4.4	-3.8	-2.8	-3.3

Source: Data provided by the Myanma authorities.

1/ As shown in the balance of payments table.

2/ Scheduled repayments.

Table 48. Myanmar: Approved and Actual Foreign Direct Investment Inflows, 1990/91-1994/95

(In millions of U.S. dollars)

	1990/91		1991/92		1992/93		1993/94		1994/95	
	Approved <u>1/</u>	Actual <u>2/</u>	Approved <u>1/</u>	Actual <u>2/</u>	Approved <u>1/</u>	Actual <u>2/</u>	Approved <u>1/</u>	Actual <u>2/</u>	Approved <u>1/</u>	Actual <u>2/</u>
Solely foreign-owned venture	78.5	7.7	--	0.3	--	0.3	238.2	13.1	246.1	24.7
Joint venture	131.2	21.2	5.9	6.4	25.9	19.8	99.0	11.9	65.0	32.6
Other	70.9	196.2	--	228.4	77.9	128.9	40.4	66.7	1,040.0	57.3
Total	280.6	225.1	5.9	235.1	103.8	149.0	377.6	91.7	1,351.9	114.6

Source: Data provided by the Myanmar authorities.

1/ Projects approved by the Myanmar Investment Commission under the provisions of the 1988 Foreign Investment Law; those permits that have been withdrawn or cancelled are adjusted. Exclusive of drawback items.

2/ Investment actually disbursed on projects approved under the Foreign Investment Law. Foreign direct investment on projects not approved under the Law is excluded from this Table but included in the authorities' balance of payment accounts.

Table 49. Myanmar: Foreign Direct Investment by Industry,
1990/91-1994/95

(In millions of U.S. dollars)

	1990/91		1991/92		1992/93		1993/94		1994/95	
	Approved 1/	Actual 2/	Approved 1/	Actual 2/	Approved 1/	Actual 2/	Approved 1/	Actual 2/	Approved 1/	Actual 2/
Agriculture	--	--	--	--	2.7	--	--	0.1	--	--
Manufacturing	42.7	18.0	5.9	0.8	13.3	9.5	18.2	4.3	76.3	11.9
Oil and gas	19.1	178.1	--	228.4	44.5	128.7	19.5	66.5	1,039.5	47.4
Mining	55.1	18.3	--	3.2	33.4	0.4	20.9	0.2	0.5	9.9
Fishery	77.3	3.0	--	--	5.9	--	7.6	0.5	148.2	6.8
Hotels and tourism	86.4	7.7	--	2.7	3.0	9.4	311.4	20.1	86.1	37.6
Transport	--	--	--	--	1.0	1.0	--	--	1.3	1.0
Total	280.6	225.1	5.9	235.1	103.8	149.0	377.6	91.7	1,351.9	114.6

Source: Data provided by the Myanmar authorities.

1/ Projects approved by the Myanmar Investment Commission under the provisions of the 1988 Foreign Investment Law; those permits that have been withdrawn or cancelled are adjusted. Exclusive of drawback items.

2/ Investment actually disbursed on projects approved under the Foreign Investment Law. Foreign direct investment on projects not approved under the Law is excluded from this Table but included in the authorities' balance of payment accounts.

Table 50. Myanmar: Foreign Direct Investment by Country, 1990/91-1994/95 ^{1/}

(In millions of U.S. dollars)

	1990/91		1991/92		1992/93		1993/94		1994/95	
	Approved ^{2/}	Actual ^{3/}	Approved ^{2/}	Actual ^{3/}	Approved ^{2/}	Actual ^{3/}	Approved ^{2/}	Actual ^{3/}	Approved ^{1/}	Actual ^{3/}
Australia	--	18.0	--	13.2	2.0	0.6	--	--	1.0	--
Bangladesh	3.0	2.9	--	--	--	--	--	--	--	0.1
China	--	--	--	--	0.4	--	0.7	0.1	4.4	0.1
Canada	--	8.3	--	11.9	--	10.8	--	--	--	--
France	--	--	--	--	10.0	27.1	--	24.7	455.0	25.0
Hong Kong	11.4	1.3	0.6	--	14.3	3.3	30.9	1.5	6.1	6.5
Japan	60.0	32.3	0.7	31.0	0.5	5.7	--	1.0	--	0.5
Republic of Korea	3.3	40.9	4.0	38.0	--	7.3	3.1	2.0	0.2	0.6
Macau	--	--	--	--	2.4	--	--	1.6	--	0.4
Malaysia	--	--	--	--	8.6	1.4	45.2	1.8	15.8	0.5
The Netherlands	--	26.0	--	40.2	--	25.0	--	--	3.0	0.1
The Philippines	--	--	--	--	--	--	--	--	6.7	3.0
Singapore	5.3	2.2	--	3.5	23.2	1.2	228.8	6.1	55.1	29.8
Sri Lanka	--	--	--	--	--	--	--	--	1.0	--
Thailand	96.9	19.6	0.6	--	8.9	1.0	41.3	9.0	199.8	15.0
United Kingdom	7.5	12.9	--	10.0	4.0	13.4	8.1	10.5	599.8	16.6
United States	93.2	60.7	--	87.3	29.5	52.2	19.5	33.4	4.0	16.4
Total	280.6	225.1	5.9	235.1	103.8	149.0	377.6	91.7	1,351.9	114.6

Source: Data provided by Myanmar authorities.

^{1/} It should be noted that the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. The term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

^{2/} Projects approved by the Myanmar Investment Commission under the provision of the 1988 Foreign Investment Law; those permits that have been withdrawn or cancelled are adjusted. Exclusive of drawback items.

^{3/} Investment actually disbursed on projects approved under the Foreign Investment Law. Foreign direct investment on projects not approved under the law is excluded from this Table but included in the authorities' balance of payments accounts.

Table 51. Myanmar: International Reserves, 1989/90-1994/95

(In millions of U.S. dollars: end of period)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Net international reserves	414.9	260.3	245.9	260.3	228.2	315.3
Assets	466.7	311.3	296.8	285.5	253.6	340.7
Gold	11.7	12.7	12.2	12.1	12.2	13.0
SDRs	0.6	0.8	1.3	--	0.2	0.1
IMF position	--	--	--	--	--	--
Foreign exchange	454.4	297.8	283.3	273.4	241.2	327.6
Liabilities	51.8	51.0	50.9	25.2	25.4	25.4
Fund credit	--	--	--	--	--	--
Other	51.8	51.0	50.9	25.2	25.4	25.4
Memorandum item:						
Gross reserves (in months of merchandise imports)	10.3	3.9	4.2	3.4	2.3	2.6

Source: Data provided by the Myanmar authorities.

Table 52. Myanmar: External Medium- and Long-Term Public Debt,
and Debt Service Payments, 1989/90-1994/95 ^{1/}

(In millions of U.S. dollars)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Total debt outstanding (end of period)	<u>4,221</u>	<u>4,704</u>	<u>4,873</u>	<u>5,327</u>	<u>5,481</u>	<u>5,518</u>
Other net credit	4,045	4,444	4,557	4,974	5,134	5,118
Concessional loans	3,792	4,195	4,305	4,719	4,855	...
Bilateral	2,735	2,961	3,047	3,414	3,500	...
Of which: Japan	(...)	(...)	(...)	(2,442)	(2,735)	...
Germany ^{2/}	(...)	(...)	(...)	(516)	(473)	...
Multilateral	1,057	1,234	1,258	1,306	1,355	...
Of which: IDA	(653)	(716)	(749)	(765)	(773)	...
AsDB	(290)	(375)	(368)	(355)	(360)	...
Nonconcessional loans	253	249	252	254	280	...
Short-term (incl. interest arrears)	176	260	317	352	347	400
Debt service payments (cash basis) ^{3/}	<u>179</u>	<u>70</u>	<u>88</u>	<u>57</u>	<u>108</u>	<u>218</u>
Amortization	121	51	33	27	33	150
Interest payment	59	19	56	31	75	69
Debt service payments (due) ^{3/}	<u>253</u>	<u>286</u>	<u>306</u>	<u>351</u>	<u>349</u>	<u>356</u>
Amortization	151	198	212	251	268	246
Interest payments	102	88	95	101	81	110
Outstanding debt/exports of goods and nonfactor services	7.6	7.3	8.1	6.2	5.8	4.9

Sources: Data provided by the Myanmar authorities; and World Bank Debt Reporting System; and staff estimates.

^{1/} Data on debt service payments may differ from those implied by commitments and arrears data in the balance of payments.

^{2/} (Former) Federal Republic of Germany.

^{3/} Medium- and long-term debt, including Trust Fund loans and excluding arrears on principal repayments.

Table 53. Myanmar: External Arrears, 1989/90-1994/95 1/

(In millions of U.S. dollars)

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Changes in stocks	110.6	216.6	218.1	294.2	240.9	137.4
Principal	60.3	147.3	179.0	224.0	234.8	96.7
Interest	50.3	69.3	39.1	70.2	6.1	40.7
Stocks <u>2/</u>						
Total	364.6	586.9	808.8	1,103.2	1,344.1	1,481.5
Principal	202.6	355.6	538.4	762.6	997.4	1,094.1
Interest	162.0	231.3	270.4	340.6	346.7	387.4
Bilateral <u>2/</u>	256.9	440.0	613.1	880.2	1,050.3	...
Principal	163.6	271.5	409.2	593.4	768.0	...
Interest	93.3	168.5	203.9	286.8	282.3	...
Private creditors <u>2/</u>	107.7	146.9	195.7	223.0	293.8	...
Principal	39.0	84.1	129.2	169.2	229.4	...
Interest	68.7	62.8	66.5	53.8	64.4	...

Source: Data provided by the Myanmar authorities; and staff estimates.

1/ End of period.2/ Stock figures and flow figures derived from the balance of payments are not always consistent, due mainly to lags in recording payments and valuation effects.

Table 54. Myanmar: Exports and Imports by Sector,
1987/88-1994/95

(In percent of total)

	1987/88	1990/91	1991/92	1992/93	1993/94	1994/95
Imports	100	100	100	100	100	100
Private sector	--	42	51	57	62	60
Cooperative sector	--	--	1	1	1	1
Public sector	100	58	48	42	37	39
Exports	100	100	100	100	100	100
Private sector	--	45	54	54	60	50
Cooperative sector	--	1	2	2	2	2
Public sector	100	54	43	44	38	48

Source: Data provided by the Myanmar authorities.

Table 55. Myanmar: List A--Priority Import Items

-
1.	Fertilizer
2.	Machinery and spare parts
3.	Industrial raw materials
4.	Government use
5.	Iron rods
6.	Cooking oil
7.	Medicines and medical equipment
8.	Tractors
9.	Timber haulage trucks
10.	Tires for motor vehicles
11.	Construction materials
12.	Marine equipment
13.	Pesticides
14.	Pedigree livestock
15.	Quality seeds
16.	Animal feeds and additives
-

Source: Data provided by the Myanma authorities.

Table 56. Myanmar: Economic Activities Open to
Foreign Investment, June 1995 ^{1/}

Agriculture:	Cultivating, processing, and marketing of food and cash crops.
Livestock and fishing:	Breeding, fishing, processing, and marketing activities.
Forestry:	Production and marketing of teak products (only as joint ventures with SEEs) and other hardwoods, rattan, etc.
Industry:	Food processing, beverages, textiles, garments, linens, personal goods (soaps, detergents, etc.) household goods, leather products, transport equipment, building materials, pulp and paper, chemicals and pharmaceuticals, iron and steel, and agricultural and forestry machinery and equipment.
Services:	Construction, transport, and communication, hotels, and tourist services.

Source: Data provided by the Myanma authorities.

^{1/} Foreign investors have been allowed to engage in activities other than those shown above. Approval is granted on a case-by-case basis, and typically requires establishment of a joint venture with a domestic partner.

Table 57. Myanmar: Activities Defined Under the
State Economic Enterprise Law 1/

-
1.	Extraction and sale of teak
2.	Cultivation of forest plantations
3.	Exploration, extraction, and sale of petroleum and natural gas
4.	Exploration, extraction, and sale of pearls, jade, and precious stones
5.	Fisheries reserved for research by the Government
6.	Postal and telecommunication services
7.	Air and rail transport services
8.	Banking and insurance
9.	Broadcasting
10.	Exploration, extraction, and sale of metals
11.	Electricity generation and distribution services
12.	Manufacture of products relating to defense and national security
-

Source: Data provided by the Myanma authorities.

1/ Generally closed to foreign investment unless special permission is obtained.

Principal Features of Myanmar's Tax System

Myanmar's tax structure comprises 15 taxes and duties divided into four major categories: (i) taxes on domestic production and public consumption which include excise duties, the commercial tax, import license fees, the state lottery, stamp duties, and the transportation tax; (ii) taxes on income and ownership, viz., the income tax and the profit tax; (iii) taxes on international trade in the form of customs duties; and (iv) taxes on the use of state-owned resources, viz., the land tax, the water tax, the tax on extraction of minerals, the tax on extraction of forestry products, the fisheries tax, and the rubber tax. Among these 15 taxes, the Internal Revenue Department collects 5 taxes--viz., the income tax, the profit tax, the commercial tax, the stamp duties and the state lottery, while the Customs Department collects customs duties.

1. Income and profit taxes

The income tax applies to personal incomes as well as enterprise incomes. Under the Income Tax Law, the tax is payable by any person who derives income from salaries, professions, business, property, and capital gains. The taxable income is computed as gross income less a basic allowance, which is equivalent to 20 percent of gross income up to a maximum of K 6,000 less dependency allowances and a life insurance allowance. Depending on the source of income, income tax is paid according to one of the three schedules shown in Table I.1. Persons who earn income in foreign currency are required to pay 10 percent of the total income as tax in foreign currency. While dividend income is exempted from income taxation, the Government can also grant exemption to new business ventures, either foreign or domestic, for three consecutive years. Extension of the exemption can be granted beyond the three-year period on a case-by-case basis.

The profit tax applies to incomes not covered under the Income Tax Law such as incomes of unincorporated private businesses. It is paid according to the schedule shown in Table I.2. As this schedule indicates, the minimum level of taxable income is K 10,000. If the taxable income exceeds K 300,000, the tax payable is the sum total of K 146,703 and 50 percent of the excess of income over K 300,000. Moreover, if the income in question is derived from the production of goods or from transport services, the tax payable is reduced by 10 percent; if it is derived from the production and sale of cheroots, the tax due is increased by 10 percent. A person may choose to pay the income tax instead of the profit tax by producing the necessary evidence to a local revenue office.

2. Commercial tax

The commercial tax is intended to be a broad-based sales tax applicable to both imports and domestic products. In the case of imports, the tax is charged on landed costs, and in case of domestic products, it is based on sales receipts. The tax is determined by the seven schedules shown in Table I.3, which provide for 12 different rates (excluding zero) for various goods and services. Schedule 1 lists 65 goods subject to no taxation;

Schedule 2 lists 31 goods subject to a 5 percent tax rate; Schedule 3 lists 120 goods subject to a 10 percent tax rate; Schedule 4 lists 88 goods subject to a 20 percent tax rate; Schedule 5 lists 51 goods subject to a 25 percent tax rate; Schedule 6 lists 19 goods (mostly luxury items) subject to very high tax rates varying from 30 to 200 percent; and Schedule 7 lists 5 services subject to tax rates varying from 8 to 30 percent. In addition, all exporters are required to pay a 5 percent tax in foreign currency on their export earnings. It is notable that Schedule 1, listing zero-rated goods, includes major staple foods, other agricultural products and some energy sources--viz., crude petroleum, natural gas, and electric power for industrial use. Moreover, the Government can grant exemption from commercial taxation to equipment imported by new business ventures for up to three consecutive years.

3. Customs duties

Customs duties apply to both exports and imports which enter into normal as well as border trade. Under the present system, there are 23 import tariff rates ranging from zero to 500 percent with the lowest rates applying to the essential consumer goods, raw materials, and capital goods, and the highest rates applying to luxury and other nonessential items (Table I.4). The system provides for two types of exemptions. While general exemptions cover imports for agricultural development, the diplomatic community, public health, foreign direct investment, and for social nongovernmental organizations, certain categories of vehicles, machinery, medicine, construction materials, and computers have been declared as qualifying for special exemptions. These special exemptions caused a revenue loss of K 85 million in 1994/95 compared to only about K 7 million in 1993/94. As for export duties, these are levied on a small number of goods at both ad valorem and specific rates. Thus, an ad valorem rate of 5 percent is levied on oil cakes, pulses and beans, and raw hides and skins, while a specific duty of 10 kyats per metric ton is levied on rice.

For the purpose of assessing customs duties, the Government converts the value of imports to kyats by using the official exchange rate. Since the latter is highly overvalued in relation to the market exchange rate, the effective tariff rate amounts on an average to only about 3 percent. Consequently, a nominal tariff rate as high as 300 percent which is applied to motor vehicles, implies an effective rate of only about 20 percent at the market exchange rate. The duty applying to imports at the border is, in principle, the same as that in the case of normal trade. However, since these goods tend to be valued at market prices, the high duty rates imply that the duty obligations would be prohibitive. Consequently, the Customs Department maintains a list of assessment values for goods that are normally traded across the borders on the basis of an average of official and market prices.

The Customs Department has recently put in effect two major changes to improve the administration of duty collection, viz., the introduction of the Harmonized Nomenclature System, which became effective in April 1992, and the introduction of the deferred control system under which the estimated

value of imports is used to expedite customs clearance with provision for duty adjustments, if needed, subsequent to the submission of invoices.

Table I-1. Myanmar: Income Tax Rates

Taxable income (in kyats)	Rate (in percent)
<u>I. Private Sector</u>	
1-5,000	3
5,001-10,000	5
10,001-20,000	7
20,001-30,000	10
30,001-50,000	12
50,001-70,000	15
70,001-90,000	16
90,001-110,000	17
110,001-150,000	18
150,001-200,000	19
200,001-300,000	20
300,001-500,000	22
500,001 and above	30
<u>II. Professions, Business, and Property</u>	
1-5,000	5
5,001-10,000	10
10,001-20,000	11
20,001-30,000	12
30,001-40,000	14
40,001-50,000	15
50,001-80,000	16
80,001-110,000	17
110,001-150,000	18
150,001-200,000	19
200,001-300,000	20
300,001-400,000	22
400,001-1,000,000	25
1,000,001-2,000,000	35
2,000,001 and above	40
<u>III. Cooperative Sector</u>	
1-5,000	3
5,001-10,000	5
10,001-20,000	7
20,001-30,000	10
30,001-50,000	12
50,001-70,000	15
70,001-90,000	16
90,001-110,000	17

Taxable income (in kyats)	Rate (in percent)
110,001-150,000	18
150,001-200,000	19
200,001-300,000	20
300,001-500,000	22
500,001 and above	30

Source: Data provided by the Internal Revenue Department, Ministry of Finance and Revenue.

Table I-2. Myanmar: Profit Tax Rates

Income Level (in kyats)	Tax (in kyats)
10,001-12,000	360
12,001-14,000	540
14,001-16,000	756
16,001-18,000	1,004
18,001-20,000	1,356
20,001-22,000	1,680
22,001-24,000	2,100
24,001-26,000	2,580
26,001-28,000	3,060
28,001-30,000	3,624
30,001-32,000	4,008
32,001-34,000	5,136
34,001-36,000	5,940
36,001-38,000	6,744
38,001-40,000	7,596
40,001-42,000	8,604
42,001-44,000	9,696
44,001-46,000	10,896
46,001-48,000	12,096
48,001-50,000	13,296
50,001-55,000	15,396
55,001-60,000	17,727
60,001-65,000	20,206
65,001-70,000	22,835
70,001-75,000	25,614
75,001-80,000	28,543
80,001-85,000	31,622
85,001-90,000	34,851
90,001-95,000	38,230
95,001-100,000	41,759
100,001-110,000	45,444
110,001-120,000	50,289
120,001-130,000	55,225
130,001-140,000	60,250
140,001-150,000	65,366
150,001-160,000	70,571
160,001-170,000	77,867
170,001-180,000	81,252
180,001-190,000	86,728
190,001-200,000	92,293
200,001-210,000	97,518
210,001-220,000	102,791
220,001-230,000	108,112
230,001-240,000	113,481
240,001-250,000	118,898

Income Level (in kyats)	Tax (in kyats)
250,001-260,000	124,363
260,001-270,000	129,876
270,001-280,000	135,437
280,001-290,000	141,046
290,001-300,000	146,703

Source: Data provided by the Internal Revenue Department, Ministry of Finance and Revenue.

Table I-3. Myanmar: Commercial Tax Rates

Schedule 1: Goods with no tax

1. Paddy
2. Wheat grain
3. Maize and other cereals
4. Pulses
5. Groundnuts, shelled and unshelled
6. Sessamum
7. Mustard seed, sunflower seed, tamarind seed, cotton seed
8. Oil palm
9. Raw cotton
10. Jute and similar fibres
11. Garlic, onions
12. Potatoes
13. Spices, raw (plants, parts, of plants, nuts, etc.)
14. Species prepared
15. Fruits, fresh
16. Vegetables
17. Sugarcane
18. Mulberry leaves
19. Medicinal plants or herbs
20. Animal feed, fresh and dried (farm products only)
21. Thatch, reeds, "dani" and such agricultural products not elsewhere specified
22. Wood, bamboo
23. Live animals
24. Silk cocoons
25. Cane, finished and unfinished
26. Honey and bee wax
27. Lac
28. Coal and coke
29. Bran and pollard of pulses
30. Cake, meal and residue of groundnuts, sessamum, cotton seeds, rice bran etc.
31. Soapstocks (of oil residue)
32. Bleaching substances (of oil residue)
33. Molasses
34. Cotton ginned
35. Coir yarn
36. Virginia tobacco, cured
37. Feathers
38. Umbrella cloth
39. Bandages, gauze, other surgical dressing materials, hospital and surgical outfit and sundries
40. X-ray film, plates and other x-ray, surgical and medicinal pharmaceutical apparatus and equipment
41. Insecticides, pesticides, fungicides, etc.

Table I-3 (continued). Myanmar: Commercial Tax Rates

42. Various kinds of gun powder, various kinds of dynamites and accessories thereof used by the civil departments
43. Stamps, all sorts
44. Defense and military stores and equipment
45. Sealing wax and sticks
46. Natural gas
47. Petroleum, crude
48. Text books, exercise and drawing books of various kinds and papers for the production of such books and all sorts of pencils
49. Slates, slate pencils, and chalk
50. Shrimp paste (ngapi)
51. Shrimp and fish sauces (Ngan-pya-ye)
52. Groundnut oil, seshamum oil, sunflower seed oil, rice bran edible oil, other edible oil and oil cakes
53. Flour (coarse and fine)
54. Pulses, split and powdered
55. Rice, broken rice and rice bran
56. Electricity for industrial use
57. Fresh fish, fresh prawn
58. Sterilized and other pasteurized milk
59. Milk powder
60. Milk for the use of infants and invalids
61. Chilli
62. Saffron
63. Ginger
64. Fish paste
65. Ripe tamarind

Schedule 2: Goods with 5 percent tax

1. Jams, all sorts
2. Soya bean paste, soya bean sauce and the like
3. Tea, preserved and dried, excluding black tea
4. Cotton seed oil, rice bran oil, inedible
5. Household medicines and other pharmaceuticals.
6. Charcoal
7. Fountain pens and ball-point pens
8. Cotton longyi (coarse)
9. Shirting, cotton, grey, unbleached
10. Drills, cotton
11. Vests
12. Cotton yarn
13. Cotton thread
14. Chipping stone
15. Limestone
16. Road building stone and sand
17. Electrical equipment for educational and instructional purpose
18. Carpenter's tools and accessories
19. Agricultural tools and accessories

Table I-3 (continued). Myanmar: Commercial Tax Rates

20. Rope of coir, jute, cotton and other kinds of rope
21. Household and laundry soap
22. Hats, all sorts.
23. Sporting materials
24. Wheel barrows
25. Made-up track suits for sports
26. Methylated spirit
27. Urea fertilizers
28. Salt
29. Cooking powder
30. Vinegar
31. Noodles (wet or dried) and wheat flour vermicelli

Schedule 3: Goods with 10 percent tax

1. Ice
2. Milk, condensed
3. Malt and malt flour
4. Cheroot
5. Bread, biscuits, and cakes
6. Other food stuff of wheat, not elsewhere specified
7. Food colors
8. Food flavors and essences
9. Turpentine refined
10. Tung oil and turpentine raw
11. Greases, oils, lubricants and other petroleum products not elsewhere specified
12. Baking powder and yeast.
13. Dyes and dyestuff
14. Chemical elements compounds
15. Petroleum coke
16. Chemical and chemical products of petroleum and petroleum coke
17. Parts and accessories for shoes, boots, and slippers
18. Chrome leather, leather sole, leather of sheep and goat
19. Aluminum circles and plates
20. Raw materials and accessories of rubber
21. Plastic raw materials
22. Teak log
23. Hardwood log
24. Poles and posts of teak and hardwood
25. Newspaper, journal, magazine, and other printed books and publications
26. Papers and paperboards
27. Cigarette papers
28. Ink, all sorts
29. Pins, clips, paper fasteners, and other office stationary supplies
30. Silk yarn
31. Ribbons, tapes, trimmings of cotton
32. Workmen outfits
33. Gypsum

Table I-3 (continued). Myanmar: Commercial Tax Rates

34. Baryte
35. Graphite
36. White clay, fire clay, and clay powder
37. Soapstone
38. Dolomite stone
39. Red, yellow, and white ochres
40. Bentonite
41. Tarazo stone
42. Washed clay
43. Lead slag
44. Marble
45. Tin concentrates, tungsten concentrates, tin/tungsten/scheelite and mixed ores
46. Refined lead
47. Zinc concentrates
48. Copper mats
49. Nickel speiss
50. Antimonial lead
51. Antimony ores
52. Lead sulphide
53. Saws, all sorts
54. Bottles, all sorts
55. Gunny cloth and gunny bags
56. Packing materials of paper and paperboard
57. All sorts of plastic bag
58. Containers, buckets of iron and steel and metal plated utensils
59. Crown cork
60. Glass tumblers
61. Spectacle, frames, and parts of spectacles
62. Fishing hooks
63. Electricity (excluding industrial use)
64. Unexposed photographic films
65. Artists' wares
66. Coffee powder, all sorts
67. Tea, black
68. Candles
69. Raw rubber
70. Bicycles, tyres, and tubes
71. Tyres, tubes and flaps for motorcar, and motorcycles
72. Rubber compounds
73. Tyres and tubes not elsewhere specified
74. Lacquerware
75. Cotton longy (fine)
76. Cotton fabrics, colored, dyed and cotton sheeting while bleached or marcerized
77. Cotton blankets
78. Cotton towels
79. Printed cotton fabrics
80. Household linen

Table I-3 (continued). Myanmar: Commercial Tax Rates

81. Cotton mosquito nettings
82. Cotton fabrics, not elsewhere specified, other than cotton lace fabrics
83. Made-up apparel, other than for sports
84. Made-up mosquito nets
85. Lime and lime powder
86. Household utensils of brass and other metals
87. Galvanized corrugated iron sheets
88. Agricultural machines equipment and machines tools
89. Weaving, knitting, spinning machine parts and accessories thereof
90. Lamp shades, switches, blocks, parts and accessories thereof
91. Electrical wires, clips, and other internal electrical fittings
92. Industrial sewing machines
93. Road construction machines, road roller, parts and accessories thereof
94. Battery (accumulators)
95. Fire extinguisher
96. Sanitary fixtures and fittings
97. Plastic building materials
98. Ball bearings
99. Bicycles
100. Bicycles spare parts and accessories
101. Tractors, other industrial motor trucks, parts and accessories thereof
102. Train locomotives, coaches, spare parts and accessories thereof
103. Sea going ships, other ships, motor boats, schooners, parts and accessories thereof
104. Air-crafts, parts and accessories, thereof
105. Fishing nets
106. Plastic cloth
107. Plastic materials for household and personal use, not elsewhere specified
108. Kerosene stoves, spares and accessories
109. Raincoats
110. Umbrella, all sorts
111. Canvas footwear, cane ball shoes and footwear all sorts
112. Malted milk preparation
113. Cold milk, ice cream, etc.
114. Parts and accessories for domestic electrical equipment and appliances
115. Sweets
116. Beverages
117. Toilet soaps
118. Domestic sewing machines
119. Sugar
120. Aerated water

Schedule 4: Goods with 20 percent tax

1. Artificial and synthetic stones and diamonds including cut stones, and artificial pearls.
2. Household glassware, other than glass vases, bottles, and tumblers
3. Marble products

Table I-3 (continued). Myanmar: Commercial Tax Rates

4. Macaroni
5. Saccharine
6. Chilli sauce and sauces, all sorts
7. Milk cream, butter, ghee, cheese
8. Cigars, pipes, all sorts
9. Naphthalene balls and camphor blocks
10. Paints, pigments, and other coloring and polishing materials
11. Painters' materials (excluding artists' wares)
12. Zip and buttons all sorts not elsewhere specified
13. Match flints
14. Hair pins, hair slides, hair clips, hair grips, hair curlers and hair dressing articles
15. Tooth brushes
16. Detergents and cleansing powder
17. Rubber materials for household use.
18. Hardwood milled, plywood, and veneers of hardwood
19. Paper board building and constructional goods
20. Paper products, other than packing materials
21. Canvas cloth
22. Linoleum and floor coverings
23. Tarpaulins in rolls and pieces
24. Cement
25. Brick, brick tiles and products, fire brick
26. Crockery (porcelain)
27. Crockery (enamel plated)
28. Lamps, lanterns, parts and accessories thereof
29. Household porcelain fittings and fixtures
30. Wire nails and nails
31. Razors, razor blades and scissors
32. Locks, padlocks, and keys
33. Fitting and accessories for furniture, boxes and trunks
34. Iron and steel heavy plates, iron and steel plates, coated
35. Iron and steel bolts, nuts, rivets, etc.
36. Iron and steel rods, bars, billets, wire and such constructional goods
37. Building and constructional goods of non-ferrous metals
38. Plumbing fixtures and fittings
39. Mixers, mixers' wares, stone and gravel crusher and such constructional and miscellaneous industrial wares
40. Iron and steel anchors and chains
41. Miscellaneous metallic goods, other than of silver and platinum, not elsewhere specified
42. Electric motors
43. Torches, parts and accessories thereof
44. Electric bulbs and tubes all sorts, other than neon bulbs and tubes for advertising
45. Electrical insulators and porcelains and ceramic telegraphic materials
46. Meter and meter boxes
47. Electric relaying and insulating materials
48. Main electric transmitting equipment and accessories

Table I-3 (continued). Myanmar: Commercial Tax Rates

49. Mining, drilling, excavating machines, parts and accessories thereof
50. Electric generators, transformers, and such electric generating machines, parts and accessories thereof
51. Electric distributing equipment, parts and accessories thereof
52. Telecommunications, wireless, radio communicating equipment, telex, parts and accessories thereof
53. Parts and accessories of radios and electronic communication equipment
54. Gantry, surveying and measuring equipment, and accessories
55. Glass sheets and glass building and constructional goods
56. Concrete and asbestos building and constructional goods
57. Household fittings and fixtures, other than that of porcelain
58. Concrete pipes
59. Boilers, engines, generators, parts and accessories thereof
60. Pontoon, pontoon bridges, parts and accessories thereof
61. Cigarette cases and ashtrays, all sorts
62. Cinematographic films, unexposed
63. Toys, all sorts
64. Vehicles and carriages for children, parts and accessories thereof
65. Silver
66. Printing press requisites and accessories not elsewhere specified
67. Mechanical lighters, all sorts
68. Lorries, trucks and trailers above 1/4 ton
69. Vans and buses
70. Bowsers
71. Cranes and winches cars
72. Motorcar parts and accessories, including frames and parts of chassis
73. Motorcycle parts and accessories
74. Dry cells, all sorts
75. Mother of pearl and shells
76. Asbestos sheets, including roofing
77. Stone and brick tiles other than tarazo tiles
78. Carpets, carpetings, of jute
79. Denatured spirit
80. Artificial cotton and silk fabrics
81. Fabrics of mixed and or blended materials
82. Papers, paperpulp cardboard-making machines, parts and accessories thereof
83. Rice mill, wheat flour mill, other cereal grinding and milling machines, parts and accessories thereof
84. Sugar mills, parts and accessories thereof
85. Saw-milling machines, parts and accessories thereof
86. Machinery, not elsewhere specified, parts and accessories thereof
87. Refrigerators, freezers and ice-boxes
88. Commodities, not elsewhere specified

Schedule 5: Goods with 25 percent tax

1. Tinned provisions
2. Isinglass

Table I-3 (continued). Myanmar: Commercial Tax Rates

3. Cocoa powder
4. Toffee and chocolates
5. Pipe tobaccos
6. Betel chewing preparations
7. Floor polish
8. Cinematographic films, exposed
9. Perfumery and toilet requisites, other than medicated powder
10. Plywood containing teak and of teak
11. Teak conversions
12. Wood floor tiles
13. Leather products other than for industrial use
14. Cotton lace fabrics and cotton lace
15. Blankets, shawls, other than of cotton
16. Artificial leather
17. Longyi, of silk and of artificial and silk mixed
18. Synthetic silk ribbons
19. Fabrics and made-up clothing of fur and wool
20. Silk fabrics
21. Motorcycles, scooters and the like
22. Motorcars, light vans, saloons, sedans, light wagons, estate wagons and coupe
23. Printing press off-set, bookbinding, block-making machines, parts and accessories thereof
24. Oil-milling machines, parts and accessories thereof
25. Cinematographic cameras, projectors, parts and accessories thereof (including carbons)
26. Parts and accessories of all sorts of cameras
27. Binoculars, lens
28. Typewriters, calculating machines, duplicating machines, statistical machines, other office machines, equipment, parts and accessories thereof
29. Watches, clocks, chronometers, parts and accessories thereof
30. Cutlery other than of gold, silver, gold and silver plated
31. Furnitures
32. Filing cabinets, racks and similar office equipment of iron or steel
33. Safe and strong boxes
34. Strong room fittings, and cash boxes
35. Tarazo tiles
36. Radio, televisions, video camera, and video tape recorders
37. Electric stoves, electric rice cookers, and microwave stoves
38. Fibre cases, suitcases, and brief cases
39. Electric fans, irons, washing machines, and water coolers
40. Gramophones
41. Gramophone records
42. Air conditioners
43. Ivory, tortoise shell and articles made out of materials of animal origin
44. Billiard equipment and requisites
45. Musical instruments

Table I-3 (continued). Myanmar: Commercial Tax Rates

- 46. Recorders, cassettes, cassette with radio transistors, and tapes
- 47. Domestic electrical equipment and appliances not elsewhere specified
- 48. Match
- 49. Furnace oil
- 50. Wax
- 51. Army rum

Schedule 6: Goods with 30-200 percent tax

1. Cigarette	75
2. Kerosene	50
3. Motor spirit	170
4. Diesel oil	90
5. Earth oil	180
6. Jet fuel	75
7. Rum	200
8. Local brandy	60
9. Brandy, others	200
10. Local malt whisky	60
11. Whisky, others	200
12. Local gin	60
13. Other gin, liqueur and the like	200
14. Beer	50
15. Wine	50
16. Tin-le-phyu (local alcoholic drink)	50
17. Country spirit	50
18. Pearl	30
19. Jade and other precious stone	30

Schedule 7: Services with 5-30 percent tax

1. Railways, waterway, airway and road transport business	8
2. Entertainment business	
a. Film or video exhibitions	30
b. Entertainment other than film or video exhibitions	15
3. Trading business consisting of purchases and sales of goods	5
4. Hotel, lodging	10
5. Enterprise for sale of foods and drinks	10

Source: Data provided by the Internal Revenue Department, Ministry of Finance and Revenue.

Table I-4. Myanmar: Customs Duty Rates

Category of Goods	Rate (in percent)
Live animals	--
Live trees and plants	--
Wool	5
Aircraft, spacecraft, and parts thereof	5
Oil seeds	10
Railway or tramway locomotives and parts thereof	10
Chemicals	15
Machinery and mechanical appliances; parts thereof	15
Pharmaceutical products	20
Plastics in primary forms	20
Nonferrous metal in primary forms	25
Motor vehicles for the transport of goods	30
Stationary	30
Dairy produce	35
Pneumatic tyres and tubes	40
Woven fabrics of cotton, unbleached or bleached	40
Raw hides and skins	50
Woven fabrics of cotton, dyed parts and accessories of motor vehicles	50
Woven fabrics of cotton, printed	60
Glass and glassware	75
Metal manufactured, other than machinery	75
Refrigerators and freezers	100
Magnetic tape recorders, video recording or reproducing apparatus, parts and accessories thereof	100
Furniture for record-decks, record-players, and cassette-players	125
Edible vegetables and certain roots and tubers	150
Woven fabrics and synthetic filament yarn,	

Category of Goods	Rate (in percent)
artificial filament yarn, synthetic staples fibers, artificial staple fibers	
Televisions receivers and radios	150
Sugar confectionery	200
Chocolates in blocks, slabs, or bars	200
Articles of apparel of man-made fibers, of wood or of silk	200
Microphones, loudspeakers, and electric amplifiers	200
Beer	300
Motor vehicles for the transport of persons, of cylinder capacity not exceeding 2,000 cc	300
Wine	350
Motor vehicles for the transport of persons, of cylinder capacity exceeding 2,000 cc but not exceeding 3,000 cc	400
Compound alcoholic preparations, spirits, whiskeys rum and gin	500
Motor vehicles for the transport of persons, of cylinder capacity exceeding 3,000 cc	500

Source: Data provided by the Customs Department, Ministry of Finance and Revenue.