

# Chapter 2

## Introduction

July 2020

### **This chapter should be cited as**

ERIA (2020), 'Trade Connectivity', in *The India-Myanmar-Thailand Trilateral Highway and Its Possible Eastward Extension to Lao PDR, Cambodia, and Viet Nam: Challenges and Opportunities*. ERIA Research Project Report FY2020 no.02a, Jakarta: ERIA, pp.2-1--2-53.

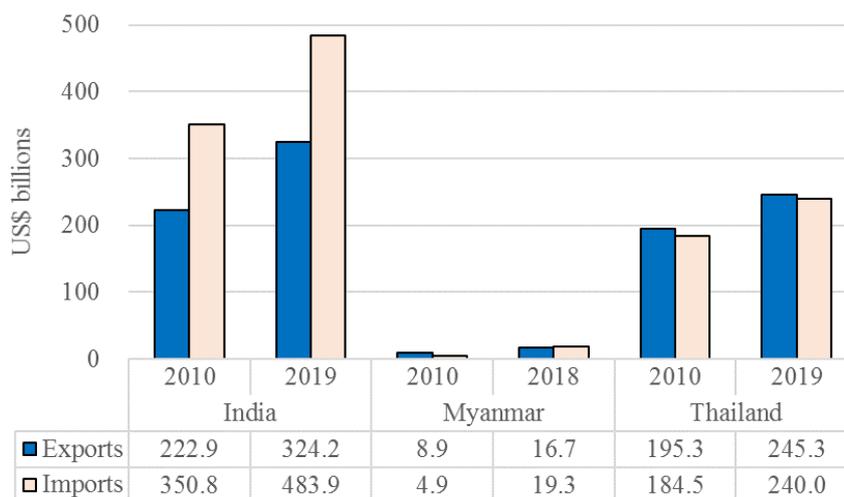
## Chapter 2

### Trade Connectivity

#### 2.1. International Trade of India, Myanmar, and Thailand

Reflecting the differences in the sizes of their economies, India, Myanmar, and Thailand's amounts of international trade also differ significantly. India carries out the most international trade, followed by Thailand and Myanmar (Figure 2.1). Both exports and imports have grown in all three countries at different rates of change. The compound average growth rates (CAGRs) are the highest in Myanmar, followed by India and Thailand. Myanmar's CAGRs of exports and imports between 2010 and 2018 were 8.2% and 18.8%, respectively. The corresponding CAGRs between 2010 and 2019 for India were 4.2% and 3.6%, and those for Thailand were 2.6% and 3.0%, respectively. An important characteristic of India is its large and expanding trade deficit. Although exports have been growing faster than imports, India's trade deficit widened from US\$127.9 billion in 2010 to US\$159.7 billion in 2019. In contrast, exports and imports for Thailand have relatively been balanced, with a moderate degree of surplus. In Myanmar, the CAGR is much higher for imports than exports, resulting in a reversal of the trade balance from a surplus of US\$4.0 billion in 2010 to a deficit of US\$2.7 billion in 2018.

**Figure 2.1. International Trade of India, Myanmar, and Thailand**



Source: Compiled based on Global Trade Atlas.

Tables 2.1 to 2.6 present the top-10 export and import partners for India, Myanmar, and Thailand, respectively, together with trade connectivity amongst the three countries and with neighbouring countries, namely the Lao PDR, Cambodia, Viet Nam, Bangladesh, Bhutan, Nepal, and Sri Lanka. Trade partners with positive but the smallest records of trade are also listed in each table to indicate the degree of diversification.

India's international trade is highly diversified. The numbers for export destination and import origin are more than 230 and 220, respectively, and the cumulative share of top-10 trade partners reaches 55.0% (Tables 2.1 and 2.2). Although Thailand has more trade partners, the cumulative shares of top 10 partners are more than 60%, indicating a higher concentration of major trade partners than India (Tables 2.5 and 2.6). In contrast, Myanmar's international trade is not diversified, both in terms of the smaller number of trade partners and the higher cumulative shares of its top-10 partners, reflecting the smaller size and the backwardness of the economy (Tables 2.3 and 2.4). However, the changes in both figures between 2010 and 2018 and the CAGRs clearly indicate that Myanmar has been in the process of rapid growth and diversification of international trade, which was triggered most likely by the transition from military to civilian rule started in March 2011.

Thailand and India have been very important trade partners for Myanmar, but the opposite is not true. Reflecting the large amount of natural gas exports to Thailand through pipelines, Myanmar's exports to Thailand exceed US\$3 billion, with shares of 35.8% in 2010 and 18.3% in 2018 (Table 2.3). Thailand is also the third-largest origin for Myanmar's imports, comprising 9.6% in 2010 and 13.4% in 2018 (Table 2.4). India is the fourth-largest export destination, comprising 10.8% in 2010 and 3.4% in 2018 (Table 2.3). Myanmar's imports from India increased rapidly at a CAGR of 25.4% between 2010 and 2018, resulting in a rise in the share and rank from 3.3% (8th) to 5.1% (4th) (Table 2.4). Despite being in close proximity, India's trade with Myanmar is still very limited. As India's export destination, Myanmar had a share of 0.1% and ranked 75th in 2010 and a share of 0.3% and ranked 52nd in 2019 (Table 2.1). As India's import origin country, Myanmar shared and ranked 0.3% and 43rd in 2010 and 0.1% and 71st in 2019 (Table 2.2). Thailand has stronger trade connectivity with Myanmar in comparison with India. In Thailand's exports, Myanmar had a share of 1.1% and ranked 22nd in 2010 and 1.8% (17th) in 2018 (Table 2.5). On the import side, the comparable figures are 1.5% (15th) and 1.4% (18th), respectively (Table 2.6).

India and Thailand enhanced their bilateral trade connectivity from the 2010s. The CAGRs of bilateral trade are higher in both directions and for both countries than the CAGRs of total exports and imports of the respective countries. India's exports to Thailand grew at a CAGR of 8.2% between 2010 and 2019, which is higher than the CAGR of India's total exports (4.2%), resulting in an increase in the share from 1.0% (29th) to 1.3% (21st) (Table 2.1). During the same period, India's imports from Thailand grew at a CAGR of 6.6%, which is higher than the CAGR of India's total imports (3.6%), resulting in an increase in the share from 1.1% (25th) to 1.5% (20th) (Table 2.2). On the other hand, Thailand's exports to India grew at a CAGR of 5.8% between 2010 and 2019, which is higher than the CAGR of Thailand's total exports (2.6%), resulting in an increase in the share from 2.2% (11th) to 3.0% (10th) (Table 2.5). Similarly, Thailand's imports from India grew at a CAGR of 8.8%, which is higher than the CAGR of India's total imports (3.0%), resulting in an increase in the share from 1.2% (19th) to 2.0% (13th) (Table 2.6).

India's trade relationship with Cambodia and the Lao PDR remains unexploited. In India's exports, Cambodia and the Lao PDR ranked 116th and 171st out of 233 destinations in 2010 and remained 102nd and 158th in 2019. In India's imports, Cambodia and the Lao PDR ranked 142nd and 122nd out of 222 origin countries in 2010 and remained 121st and 168th in 2019. The shares are almost negligible (Table 2.1). In contrast, India's trade relationship with Viet Nam has been enhanced steadily during the last decade. The share and rank of Viet Nam in India's exports rose from 1.1% (24th) in 2010 to 1.7% (14th) in 2019. The comparable figures on the import side are 0.3% (45th) and 1.5% (19th).

Despite the geographical and political proximity, Myanmar's trade relationship with the Lao PDR and Cambodia remains very weak, probably reflecting the weak complementarity in tradable goods. In 2010, the rank of the Lao PDR in Myanmar's exports was 72nd out of 74 export destinations, and the amount was negligible. There is no record of exports to Cambodia in 2010. In 2018, even after the establishment of the ASEAN Economic Community in 2015, Cambodia and Lao PDR ranked 48th and 125th out of 138 export destinations for Myanmar (Table 2.3). The situation on the import side is more or less the same. Similar to the case of India, Myanmar has had an enhanced trade relationship with Viet Nam during the last decade. The share and rank of Viet Nam in Myanmar's exports rose from 0.7% (13th) in 2010 to 1.3% (14th) in 2018. The comparable figures on the import side are 0.8% (13th) and 3.0% (8th) (Table 2.4).

Taking advantage of the geographical proximity and more advanced regional cooperation framework, Thailand has enhanced trade connectivity with Cambodia, the Lao PDR, and Viet Nam (CLV). During the last decade, the shares of CLV countries in Thailand's exports have risen from 1.2% (19th) to 2.9% (11th) for Cambodia; from 1.1% (20th) to 1.6% (19th) for the Lao PDR; and from 3.0% (9th) to 4.9% (4th) for Viet Nam, respectively (Table 2.5). On the import side, the shares increased from 0.1% (51st) to 1.0% (25th) for Cambodia; from 0.4% (30th) to 1.1% (23rd) for the Lao PDR; and from 0.8% (26th) to 2.3% (12th) for Viet Nam, respectively (Table 2.6).

All three countries have become more dependent on imports from China. China's share in India's imports rose from 11.8% (1st) in 2010 to 14.1% (1st) in 2019 (Table 2.2). The comparable figures are 19.8% (2nd) to 32.2% (1st) for Myanmar, and 13.3% (2nd) to 21.2% (1st) for Thailand, respectively (Tables 2.4 and 2.5). China is also an important export destination for all three countries, but only Myanmar has significantly expanded exports to China, with a CAGR of 46.6% between 2010 and 2018 from 2.9% (7th) to 33.3% (1st) (Table 2.3). Thailand's exports to China grew at a CAGR of 3.4%, which is only slightly above the CAGR for total exports (2.6%). As a result, China expanded the share from 11.0% to 11.8%, but fell from first place as Thailand's export destination (Table 2.5). During the last decade, India's exports to China have shrunk in terms of value, from US\$17,519 million in 2010 to US\$17,128 million in 2019. Although China remains in 3rd place as an export destination for India, the share fell from 7.9% to 5.3% (Table 2.1).

Trade connectivity with other countries differs by country. Reflecting the geographical proximity, India has a stronger trade relationship with countries in the Middle East and Europe. The larger shares of Singapore and Hong Kong in Myanmar's trade may be explained by some forms of transit trade through these regional logistic hubs. Thailand's strong trade connectivity with Japan is a reflection of the division of work in the manufacturing sector, which has been fostered for several decades.

**Table 2.1. India's Exports by Destination**

2010					2019					CAGR 2010 → 19
Rank	Country	US\$ mil.	Share	Cumulative Share	Rank	Country	US\$ mil.	Share	Cumulative Share	
-	World	222,922	100.0%	-	-	World	324,163	100.0%	-	4.2%
1	UAE	29,507	13.2%	13.2%	1	United States	53,866	16.6%	16.6%	9.6%
2	United States	23,545	10.6%	23.8%	2	UAE	29,827	9.2%	25.8%	0.1%
3	China	17,519	7.9%	31.7%	3	China	17,128	5.3%	31.1%	-0.3%
4	Hong Kong	9,518	4.3%	35.9%	4	Hong Kong	12,116	3.7%	34.8%	2.7%
5	Singapore	9,094	4.1%	40.0%	5	Singapore	10,591	3.3%	38.1%	1.7%
6	Netherlands	6,579	3.0%	43.0%	6	United Kingdom	8,805	2.7%	40.8%	3.6%
7	United Kingdom	6,422	2.9%	45.8%	7	Netherlands	8,779	2.7%	43.5%	3.3%
8	Germany	5,997	2.7%	48.5%	8	Germany	8,578	2.6%	46.2%	4.1%
9	Belgium	5,028	2.3%	50.8%	9	Bangladesh	8,334	2.6%	48.7%	11.9%
10	France	4,861	2.2%	53.0%	10	Nepal	7,292	2.2%	51.0%	16.1%
19	Sri Lanka	3,314	1.5%	69.1%	14	Viet Nam	5,508	1.7%	58.3%	9.2%
20	Bangladesh	3,024	1.4%	70.4%	21	Thailand	4,347	1.3%	68.9%	8.2%
24	Viet Nam	2,485	1.1%	75.3%	23	Sri Lanka	4,215	1.3%	71.5%	2.7%
29	Thailand	2,145	1.0%	80.4%	52	Myanmar	956	0.3%	90.8%	14.9%
34	Nepal	1,907	0.9%	84.7%	64	Bhutan	707	0.2%	93.7%	18.0%
75	Myanmar	273	0.1%	96.7%	102	Cambodia	204	0.1%	98.1%	14.3%
90	Bhutan	159	0.1%	98.1%	158	Lao PDR	29	0.0%	99.9%	15.1%
116	Cambodia	61	0.0%	99.2%						
171	Lao PDR	8	0.0%	100.0%						
233	Western Sahara	1.6E-03	0.0%	100.0%	236	Serbia & Montenegro	2.7E-05	0.0%	100.0%	-77.1%

Source: Compiled based on Global Trade Atlas.

**Table 2.2. India's Imports by Origin**

2010					2019					CAGR 2010 → 19
Rank	Country	US\$ mil.	Share	Cumulative Share	Rank	Country	US\$ mil.	Share	Cumulative Share	
-	World	350,783	100.0%	-	-	World	483,864	100.0%	-	3.6%
1	China	41,333	11.8%	11.8%	1	China	68,365	14.1%	14.1%	5.8%
2	UAE	30,977	8.8%	20.6%	2	United States	36,241	7.5%	21.6%	7.4%
3	Switzerland	22,292	6.4%	27.0%	3	UAE	30,456	6.3%	27.9%	-0.2%
4	Saudi Arabia	20,407	5.8%	32.8%	4	Saudi Arabia	27,151	5.6%	33.5%	3.2%
5	United States	19,109	5.4%	38.2%	5	Iraq	22,261	4.6%	38.1%	13.2%
6	Australia	12,074	3.4%	41.7%	6	Switzerland	17,773	3.7%	41.8%	-2.5%
7	Germany	11,472	3.3%	44.9%	7	Hong Kong	17,389	3.6%	45.4%	9.3%
8	Iran	11,111	3.2%	48.1%	8	Republic of Korea	16,113	3.3%	48.7%	5.5%
9	Nigeria	10,298	2.9%	51.0%	9	Indonesia	15,554	3.2%	51.9%	5.4%
10	Korea, South	9,938	2.8%	53.9%	10	Singapore	14,906	3.1%	55.0%	8.3%
25	Thailand	3,949	1.1%	82.2%	19	Viet Nam	7,452	1.5%	74.2%	25.1%
43	Myanmar	1,121	0.3%	93.5%	20	Thailand	7,044	1.5%	75.7%	6.6%
45	Viet Nam	997	0.3%	94.1%	45	Bangladesh	1,232	0.3%	93.6%	14.7%
59	Sri Lanka	520	0.1%	97.1%	50	Sri Lanka	994	0.2%	94.8%	7.5%
60	Nepal	507	0.1%	97.3%	60	Nepal	700	0.1%	96.4%	3.7%
64	Bangladesh	359	0.1%	97.7%	71	Myanmar	505	0.1%	97.8%	-8.5%
80	Bhutan	186	0.1%	98.9%	80	Bhutan	374	0.1%	98.6%	8.1%
122	Lao PDR	20	0.0%	99.9%	121	Cambodia	47	0.0%	99.8%	22.2%
142	Cambodia	8	0.0%	100.0%	168	Lao PDR	3	0.0%	100.0%	-20.3%
222	Heard & McDonald Is.	4.0E-06	0.0%	100.0%	220	Eritrea	6.1E-05	0.0%	100.0%	-63.6%

Source: Compiled based on Global Trade Atlas.

**Table 2.3. Myanmar's Exports by Destination**

2010					2018					CAGR 2010 → 18
Rank	Country	US\$ mil.	Share	Cumulative Share	Rank	Country	US\$ mil.	Share	Cumulative Share	
-	World	8,873	100.0%	-	-	World	16,672	100.0%	-	8.2%
1	Thailand	3,180	35.8%	35.8%	1	China	5,560	33.3%	33.3%	46.6%
2	Hong Kong	1,592	17.9%	53.8%	2	Thailand	3,057	18.3%	51.7%	-0.5%
3	<i>Not Determined</i>	1,002	11.3%	65.1%	3	Japan	1,388	8.3%	60.0%	26.0%
4	India	958	10.8%	75.9%	4	India	574	3.4%	63.5%	-6.2%
5	Singapore	458	5.2%	81.0%	5	Hong Kong	567	3.4%	66.9%	-12.1%
6	Malaysia	433	4.9%	85.9%	6	Germany	505	3.0%	69.9%	n.a.
7	China	260	2.9%	88.8%	7	United States	492	3.0%	72.8%	80.2%
8	Japan	218	2.5%	91.3%	8	Singapore	490	2.9%	75.8%	0.9%
9	Korea, South	127	1.4%	92.7%	9	Republic of Korea	446	2.7%	78.5%	17.0%
10	Côte d'Ivoire	85	1.0%	93.7%	10	United Kingdom	423	2.5%	81.0%	36.4%
11	Bangladesh	81	0.9%	94.6%	14	Viet Nam	211	1.3%	87.9%	16.8%
13	Viet Nam	61	0.7%	96.0%	21	Bangladesh	99	0.6%	94.2%	2.6%
38	Sri Lanka	1	0.0%	99.9%	41	Sri Lanka	13	0.1%	98.6%	33.7%
70	Myanmar	1.2E-02	0.0%	100.0%	48	Cambodia	8	0.0%	99.0%	n.a.
72	Lao PDR	4.5E-03	0.0%	100.0%	54	Nepal	8	0.0%	99.3%	n.a.
					101	Myanmar	1.3E-01	0.0%	100.0%	35.1%
					125	Lao PDR	1.3E-02	0.0%	100.0%	14.5%
78	Angola	9.0E-06	0.0%	100.0%	138	East Timor	1.1E-04	0.0%	100.0%	n.a.

Source: Compiled based on Global Trade Atlas.

**Table 2.4. Myanmar's Imports by Origin**

2010					2018					CAGR 2010 → 18
Rank	Country	US\$ mil.	Share	Cumulative Share	Rank	Country	US\$ mil.	Share	Cumulative Share	
-	World	4,866	100.0%	-	-	World	19,345	100.0%	-	18.8%
1	Singapore	1,122	23.1%	23.1%	1	China	6,223	32.2%	32.2%	26.3%
2	China	964	19.8%	42.9%	2	Singapore	3,692	19.1%	51.3%	16.1%
3	<i>Not Determined</i>	871	17.9%	60.8%	3	Thailand	2,595	13.4%	64.7%	23.9%
4	Thailand	468	9.6%	70.4%	4	India	990	5.1%	69.8%	25.4%
5	Republic of Korea	253	5.2%	75.6%	5	Indonesia	936	4.8%	74.6%	21.0%
6	Japan	217	4.5%	80.1%	6	Malaysia	815	4.2%	78.8%	25.2%
7	Indonesia	203	4.2%	84.2%	7	Japan	696	3.6%	82.4%	15.7%
8	India	162	3.3%	87.5%	8	Viet Nam	586	3.0%	85.5%	40.8%
9	Malaysia	135	2.8%	90.3%	9	Republic of Korea	440	2.3%	87.7%	7.2%
10	Australia	71	1.5%	91.8%	10	United States	325	1.7%	89.4%	37.8%
13	Viet Nam	38	0.8%	94.6%	30	Bangladesh	28	0.1%	98.4%	14.4%
22	Bangladesh	10	0.2%	98.1%	50	Sri Lanka	5	0.0%	99.6%	58.3%
51	Myanmar	3.4E-01	0.0%	99.9%	62	Cambodia	3	0.0%	99.8%	46.9%
65	Sri Lanka	1.3E-01	0.0%	100.0%	68	Lao PDR	2	0.0%	99.9%	179.7%
66	Cambodia	1.2E-01	0.0%	100.0%	126	Nepal	3.6E-02	0.0%	100.0%	n.a.
118	Lao PDR	4.0E-04	0.0%	100.0%						
121	Liberia	4.5E-05	0.0%	100.0%	183	Côte d'Ivoire	2.5E-05	0.0%	100.0%	n.a.

Source: Compiled based on Global Trade Atlas.

**Table 2.5. Thailand's Exports by Destination**

2010					2019					CAGR 2010 → 19
Rank	Country	US\$ mil.	Share	Cumulative Share	Rank	Country	US\$ mil.	Share	Cumulative Share	
-	World	195,293	100.0%	-	-	World	245,344	100.0%	-	2.6%
1	China	21,471	11.0%	11.0%	1	United States	31,290	12.8%	12.8%	5.0%
2	Japan	20,413	10.5%	21.4%	2	China	29,021	11.8%	24.6%	3.4%
3	United States	20,205	10.3%	31.8%	3	Japan	24,468	10.0%	34.6%	2.0%
4	Hong Kong	13,132	6.7%	38.5%	4	Viet Nam	12,060	4.9%	39.5%	8.4%
5	Malaysia	10,565	5.4%	43.9%	5	Hong Kong	11,693	4.8%	44.2%	-1.3%
6	Australia	9,367	4.8%	48.7%	6	Malaysia	10,415	4.2%	48.5%	-0.2%
7	Singapore	9,015	4.6%	53.3%	7	Australia	10,151	4.1%	52.6%	0.9%
8	Indonesia	7,344	3.8%	57.1%	8	Indonesia	9,046	3.7%	56.3%	2.3%
9	Viet Nam	5,844	3.0%	60.1%	9	Singapore	8,763	3.6%	59.9%	-0.3%
10	Philippines	4,885	2.5%	62.6%	10	India	7,306	3.0%	62.9%	5.8%
11	India	4,393	2.2%	64.8%	11	Cambodia	7,122	2.9%	65.8%	13.2%
19	Cambodia	2,339	1.2%	78.5%	17	Myanmar	4,352	1.8%	78.2%	8.6%
20	Lao PDR	2,134	1.1%	79.6%	19	Lao PDR	3,838	1.6%	81.4%	6.7%
22	Myanmar	2,072	1.1%	81.8%	33	Bangladesh	982	0.4%	92.2%	1.1%
34	Bangladesh	886	0.5%	89.9%	48	Sri Lanka	375	0.2%	95.9%	-0.7%
49	Sri Lanka	401	0.2%	94.6%	87	Nepal	102	0.0%	98.9%	4.3%
98	Nepal	70	0.0%	99.1%	113	Bhutan	43	0.0%	99.6%	14.1%
142	Bhutan	13	0.0%	99.8%						
231	Falkland Islands	3.1E-04	0.0%	100.0%	246	Heard & McDonald Is.	3.8E-05	0.0%	100.0%	-38.5%

Source: Compiled based on Global Trade Atlas.

**Table 2.6. Thailand's Imports by Origin**

2010					2019					CAGR 2010 → 19
Rank	Country	US\$ mil.	Share	Cumulative Share	Rank	Country	US\$ mil.	Share	Cumulative Share	
-	World	184,536	100.0%	-	-	World	239,980	100.0%	-	3.0%
1	Japan	38,305	20.8%	20.8%	1	China	50,980	21.2%	21.2%	8.5%
2	China	24,517	13.3%	34.0%	2	Japan	33,641	14.0%	35.3%	-1.4%
3	Malaysia	10,832	5.9%	39.9%	3	United States	17,596	7.3%	42.6%	5.6%
4	United States	10,805	5.9%	45.8%	4	Malaysia	13,081	5.5%	48.0%	2.1%
5	UAE	8,752	4.7%	50.5%	5	Republic of Korea	8,740	3.6%	51.7%	0.8%
6	Republic of Korea	8,163	4.4%	54.9%	6	Taiwan	8,129	3.4%	55.1%	1.8%
7	Taiwan	6,895	3.7%	58.7%	7	Singapore	7,756	3.2%	58.3%	2.2%
8	Singapore	6,366	3.4%	62.1%	8	UAE	7,538	3.1%	61.4%	-1.6%
9	Australia	5,970	3.2%	65.4%	9	Indonesia	7,341	3.1%	64.5%	2.8%
10	Indonesia	5,742	3.1%	68.5%	10	Germany	6,358	2.6%	67.2%	3.5%
15	Myanmar	2,848	1.5%	80.2%	12	Viet Nam	5,529	2.3%	71.9%	16.4%
18	Thailand	2,308	1.3%	84.1%	13	India	4,879	2.0%	73.9%	8.8%
19	India	2,279	1.2%	85.3%	15	Thailand	3,723	1.6%	77.2%	5.5%
26	Viet Nam	1,414	0.8%	91.9%	18	Myanmar	3,284	1.4%	81.5%	1.6%
30	Lao PDR	758	0.4%	93.7%	23	Lao PDR	2,569	1.1%	87.5%	14.5%
51	Cambodia	217	0.1%	98.4%	25	Cambodia	2,300	1.0%	89.5%	30.0%
61	Sri Lanka	84	0.0%	99.0%	71	Bangladesh	82	0.0%	99.2%	14.2%
90	Bangladesh	25	0.0%	99.7%	74	Sri Lanka	80	0.0%	99.3%	-0.5%
170	Nepal	3.5E-01	0.0%	100.0%	173	Nepal	1	0.0%	100.0%	5.5%
189	Bhutan	1.3E-01	0.0%	100.0%	194	Bhutan	1.4E-01	0.0%	100.0%	1.0%
235	Tonga	4.0E-06	0.0%	100.0%	245	St. Helena	7.0E-06	0.0%	100.0%	n.a.

Source: Compiled based on Global Trade Atlas.

## 2.2. International Trade amongst India, Myanmar, and Thailand

This subsection focuses explicitly on the trade connectivity amongst India, Myanmar, and Thailand.

### (1) India's Trade with Myanmar and Thailand

As discussed in the previous subsection, India's exports and imports grew at CAGRs of 4.2% and 3.6%, respectively, between 2010 and 2019, and an important characteristic of India is its large and expanding trade deficit. India's trade with Thailand shares this trend, and the trade deficit expanded from US\$1,804 million in 2010 to US\$2,698 million in 2019 (Figure 2.2). On the other hand, India's trade balance with Myanmar turned from a deficit to a surplus of US\$75 million in 2016, and the surplus has continued since then, mainly because of decreasing imports from Myanmar.

Figure 2.2. India's Trade with Myanmar and Thailand



Source: Compiled based on Global Trade Atlas.

Tables 2.7 to 2.10 presents India's exports to and imports from Myanmar and Thailand by the top-10 broad categories of commodities at the HS 2-digit level<sup>1</sup>. The first row of the rightmost column presents the CAGR of total exports or imports to the partner country. The subsequent rows show the contribution rate of each product category, which adds up to 100.0%.

India's major export items to Myanmar are pharmaceutical products (HS-30) and meat and edible meat offal (HS-02), followed by machinery (HS-84) and electrical machinery (HS-85) (Table 2.7). Exports of pharmaceutical products to Myanmar increased more rapidly than total exports to Myanmar, resulting in an increase in the share from 20.9% (2nd) in 2010 to 23.1% (1st) in 2019. Exports of meat and edible meat offal increased but at a slower rate than total exports, and the share halved from 24.1% (1st) in 2010 to 11.5% (2nd) in 2019. Another important export item is transport equipment (HS-87), the share of which increased from 2.0% (12th) in 2010 to 6.5% (5th) in 2019.

**Table 2.7. India's Exports to Myanmar**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	273.3	100.0%	-	Total	956.3	100.0%	-	14.9%
02	65.8	24.1%	24.1%	30	221.2	23.1%	23.1%	24.0%
30	57.0	20.9%	45.0%	02	110.0	11.5%	34.6%	6.5%
72	18.7	6.8%	51.8%	84	69.6	7.3%	41.9%	8.2%
85	16.6	6.1%	57.9%	85	64.5	6.7%	48.7%	7.0%
84	13.8	5.1%	63.0%	87	62.6	6.5%	55.2%	8.4%
23	10.2	3.7%	66.7%	52	45.9	4.8%	60.0%	5.3%
52	10.0	3.6%	70.4%	23	37.0	3.9%	63.9%	3.9%
17	8.7	3.2%	73.6%	27	35.4	3.7%	67.6%	4.8%
39	8.2	3.0%	76.6%	72	25.5	2.7%	70.2%	1.0%
40	7.8	2.9%	79.4%	93	22.2	2.3%	72.6%	3.2%

Source: Compiled based on Global Trade Atlas.

<sup>1</sup> The list of HS 2-digit classifications is provided in Appendix Table 2.1 at the end of this chapter.

**Table 2.8. India's Imports from Myanmar**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	1,121.0	100.0%	-	Total	505.3	100.0%	-	-8.5%
07	663.0	59.1%	59.1%	07	343.2	67.9%	67.9%	-51.9%
44	429.7	38.3%	97.5%	44	79.8	15.8%	83.7%	-56.8%
05	12.3	1.1%	98.6%	79	14.6	2.9%	86.6%	2.4%
41	4.3	0.4%	99.0%	40	10.9	2.2%	88.8%	1.5%
09	3.1	0.3%	99.2%	03	9.7	1.9%	90.7%	1.5%
17	2.2	0.2%	99.4%	10	9.0	1.8%	92.4%	1.5%
40	1.8	0.2%	99.6%	09	8.0	1.6%	94.0%	0.8%
08	0.9	0.1%	99.7%	78	6.3	1.2%	95.3%	1.0%
12	0.5	0.0%	99.7%	12	6.3	1.2%	96.5%	0.9%
99	0.5	0.0%	99.8%	62	2.7	0.5%	97.1%	0.4%

Source: Compiled based on Global Trade Atlas.

India's imports from Myanmar are more concentrated in a limited number of items, namely edible vegetables (HS-07) and wood and articles of wood (HS-44) (Table 2.8). Despite the high shares, imports of these items from Myanmar decreased significantly during the last decade being the major cause of the shrink in India's imports from Myanmar.

**Table 2.9. India's Exports to Thailand**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	2,144.9	100.0%	-	Total	4,346.6	100.0%	-	8.2%
71	339.7	15.8%	15.8%	84	701.5	16.1%	16.1%	23.5%
74	286.6	13.4%	29.2%	71	656.5	15.1%	31.2%	14.4%
84	183.1	8.5%	37.7%	87	276.9	6.4%	37.6%	4.5%
87	178.1	8.3%	46.0%	29	270.5	6.2%	43.8%	6.6%
29	124.9	5.8%	51.9%	03	218.9	5.0%	48.9%	5.7%
23	111.4	5.2%	57.1%	72	173.4	4.0%	52.9%	3.3%
72	100.8	4.7%	61.8%	85	146.5	3.4%	56.2%	2.7%
03	94.0	4.4%	66.1%	27	145.3	3.3%	59.6%	4.7%
85	87.2	4.1%	70.2%	09	130.0	3.0%	62.6%	5.5%
52	68.5	3.2%	73.4%	30	122.3	2.8%	65.4%	3.7%

Source: Compiled based on Global Trade Atlas.

**Table 2.10. India's Imports from Thailand**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	3,948.7	100.0%	-	Total	7,044.4	100.0%	-	6.6%
84	909.4	23.0%	23.0%	84	1,320.3	18.7%	18.7%	13.3%
39	457.4	11.6%	34.6%	85	906.3	12.9%	31.6%	17.1%
85	377.2	9.6%	44.2%	39	847.0	12.0%	43.6%	12.6%
29	336.7	8.5%	52.7%	71	567.4	8.1%	51.7%	14.0%
40	303.3	7.7%	60.4%	29	528.0	7.5%	59.2%	6.2%
87	189.7	4.8%	65.2%	87	445.3	6.3%	65.5%	8.3%
71	135.3	3.4%	68.6%	74	286.7	4.1%	69.6%	8.0%
76	123.8	3.1%	71.7%	40	286.3	4.1%	73.6%	-0.5%
26	109.8	2.8%	74.5%	38	159.8	2.3%	75.9%	4.3%
17	109.3	2.8%	77.3%	72	145.5	2.1%	78.0%	2.2%

Source: Compiled based on Global Trade Atlas.

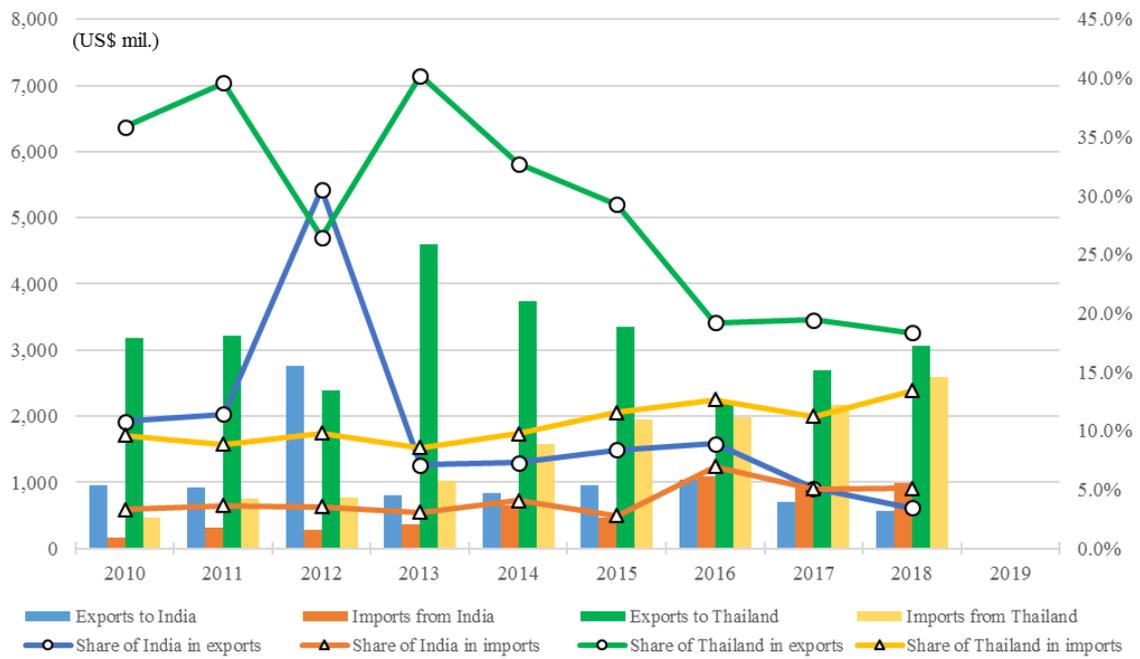
India's exports to Thailand are more diversified than those to Myanmar. In 2019, the top-two export items were machinery (HS-84) (16.1%) and jewellery (HS-71) (15.1%), followed by transport equipment (HS-87) (6.4%), organic chemicals (HS-29) (6.2%), and fish (HS-03) (5.0%) (Table 2.9). On the import side, machinery (HS-84) has been the most important category, with shares of 23.0% (1st) in 2010 and 18.7% (1st) in 2019 (Table 2.10). In terms of the contribution to India's export growth to Thailand, electrical machinery (HS-85) was the highest, followed by jewellery (HS-71). Plastics and articles thereof (HS-39) is another important import item from Thailand, which comprised 11.6% (2nd) in 2010 and 12.0% (3rd) in 2019.

## (2) Myanmar's Trade with India and Thailand

Myanmar's CAGRs of exports and imports between 2010 and 2018 were 8.2% and 18.8% respectively. Because of the significantly higher increasing rate of imports than exports, Myanmar's trade balance turned from a surplus to a deficit (Figure 2.1).

Thailand and India have been very important trade partners for Myanmar. Except for extraordinary values recorded in 2012, exports to Thailand and India in terms of value have been fluctuating without any significant upward or downward trend. Reflecting the growth of Myanmar's total exports, the shares of Thailand and India have been declining (Figure 2.3). In contrast, Myanmar's imports from Thailand and India have been steadily increasing in terms of both value and share.

**Figure 2.3. Myanmar's Trade with India and Thailand**



Source: Compiled based on Global Trade Atlas.

Myanmar's declining exports to India have been comprised of a limited number of items, namely edible vegetables (HS-07), edible fruits and nuts (HS-08), and wood and articles of wood (HS-44) (Table 2.11). The shares of these three categories in 2019 were 48.6%, 20.6%, and 16.4%, respectively, amounting to 85.6% of Myanmar's total exports to India. In contrast, Myanmar's imports from India have grown rapidly at a CAGR of 25.4 % between 2010 and 2019. In terms of product category, the increase was contributed mainly by sugar and sugar confectionary (HS-17), mineral fuels (HS-27), and pharmaceutical products (HS-30) (Table 2.12). In 2019, the three categories comprised 16.3% (2nd), 15.0% (3rd), and 20.6% (1st) of Myanmar's imports from India, respectively.

**Table 2.11. Myanmar's Exports to India**

2010				2018				2010 →18
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	958.2	100.0%	-	Total	574.1	100.0%	-	-6.2%
07	586.6	61.2%	61.2%	07	278.9	48.6%	48.6%	-80.1%
44	335.5	35.0%	96.2%	08	118.2	20.6%	69.2%	30.8%
99	16.8	1.8%	98.0%	44	94.4	16.4%	85.6%	-62.8%
17	8.4	0.9%	98.9%	79	13.5	2.4%	88.0%	3.5%
05	2.8	0.3%	99.2%	40	8.4	1.5%	89.4%	1.9%
41	1.9	0.2%	99.4%	24	7.6	1.3%	90.7%	2.0%
10	1.5	0.2%	99.5%	72	7.3	1.3%	92.0%	1.9%
40	1.2	0.1%	99.6%	64	6.6	1.2%	93.2%	1.7%
52	0.9	0.1%	99.7%	09	5.7	1.0%	94.2%	1.3%
09	0.8	0.1%	99.8%	76	4.4	0.8%	94.9%	1.2%

Source: Compiled based on Global Trade Atlas.

**Table 2.12. Myanmar's Imports from India**

2010				2018				2010 →18
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	161.5	100.0%	-	Total	990.2	100.0%	-	25.4%
30	64.0	39.6%	39.6%	30	204.2	20.6%	20.6%	16.9%
72	22.4	13.8%	53.5%	17	161.6	16.3%	36.9%	19.4%
84	8.5	5.3%	58.7%	27	148.8	15.0%	52.0%	17.9%
85	8.2	5.1%	63.8%	87	59.8	6.0%	58.0%	6.8%
39	7.6	4.7%	68.5%	84	55.9	5.6%	63.6%	5.7%
52	7.0	4.4%	72.9%	72	52.9	5.3%	69.0%	3.7%
40	4.8	3.0%	75.8%	85	52.8	5.3%	74.3%	5.4%
73	4.3	2.6%	78.5%	23	33.7	3.4%	77.7%	3.9%
87	3.5	2.2%	80.7%	10	22.5	2.3%	80.0%	2.7%
33	2.5	1.6%	82.2%	31	21.2	2.1%	82.1%	2.6%

Source: Compiled based on Global Trade Atlas.

**Table 2.13. Myanmar's Exports to Thailand**

2010				2018				2010 →18
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
<b>Total</b>	<b>3,179.6</b>	<b>100.0%</b>	<b>-</b>	<b>Total</b>	<b>3,056.9</b>	<b>100.0%</b>	<b>-</b>	<b>-0.5%</b>
27	2,936.0	92.3%	92.3%	27	2,319.2	75.9%	75.9%	-502.5%
71	83.5	2.6%	95.0%	03	273.3	8.9%	84.8%	221.1%
44	79.3	2.5%	97.5%	74	139.6	4.6%	89.4%	102.8%
07	49.9	1.6%	99.0%	84	109.0	3.6%	92.9%	88.8%
74	13.5	0.4%	99.5%	90	43.1	1.4%	94.4%	35.1%
99	6.8	0.2%	99.7%	62	32.3	1.1%	95.4%	26.1%
52	3.5	0.1%	99.8%	12	25.3	0.8%	96.2%	20.2%
03	1.9	0.1%	99.8%	85	14.8	0.5%	96.7%	12.1%
10	1.3	0.0%	99.9%	44	14.5	0.5%	97.2%	-52.8%
04	0.8	0.0%	99.9%	07	10.5	0.3%	97.5%	-32.1%

Source: Compiled based on Global Trade Atlas.

**Table 2.14. Myanmar's Imports from Thailand**

2010				2018				2010 →18
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
<b>Total</b>	<b>467.8</b>	<b>100.0%</b>	<b>-</b>	<b>Total</b>	<b>2,595.1</b>	<b>100.0%</b>	<b>-</b>	<b>23.9%</b>
89	169.1	36.1%	36.1%	17	345.8	13.3%	13.3%	16.2%
25	78.7	16.8%	53.0%	87	325.5	12.5%	25.9%	15.0%
39	40.6	8.7%	61.6%	84	262.3	10.1%	36.0%	11.2%
85	34.7	7.4%	69.0%	89	221.9	8.6%	44.5%	2.5%
84	24.8	5.3%	74.4%	27	183.3	7.1%	51.6%	7.7%
27	18.9	4.0%	78.4%	39	141.0	5.4%	57.0%	4.7%
30	15.6	3.3%	81.7%	85	111.3	4.3%	61.3%	3.6%
70	9.1	2.0%	83.7%	21	88.5	3.4%	64.7%	4.0%
87	7.0	1.5%	85.2%	22	79.0	3.0%	67.8%	3.7%
40	6.3	1.3%	86.5%	31	62.8	2.4%	70.2%	2.7%

Source: Compiled based on Global Trade Atlas.

Myanmar's exports to Thailand have long been dominated by liquefied natural gas (LNG) (HS-271111) under the broad category of mineral fuels (HS-27) (Table 2.13).<sup>2</sup> In terms of the

<sup>2</sup> In 2018, Myanmar's exports of HS-271111 to Thailand totalled US\$2,261 million, which comprises 97.5% of Myanmar's exports of HS-27 to Thailand.

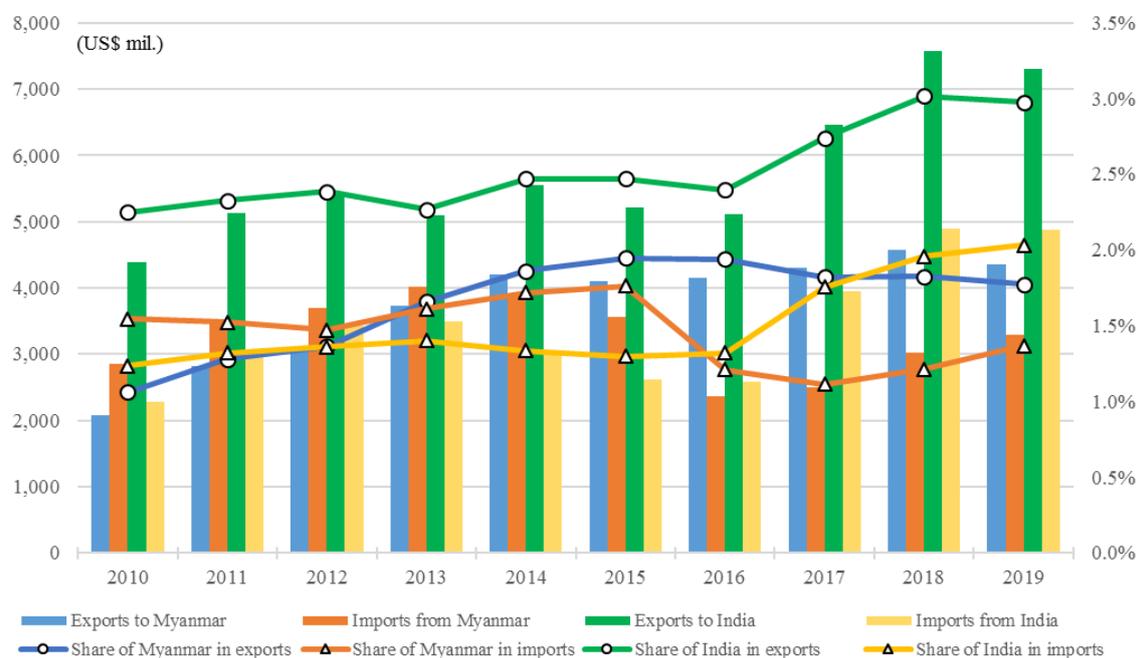
contribution to the growth of Myanmar's exports to Thailand, fish (HS-03), copper (HS-74), and machinery (HS-84) have been growing as important export items to Thailand. Myanmar's imports from Thailand are more diversified than its exports, and they have become more diversified during the last decade. In 2019, the top-five categories imported from Thailand were sugars and sugar confectionary (HS-17), transport machinery (HS-87), machinery (HS-84), ships and boats (HS-89), and mineral fuels (HS-27), and their shares were 13.3%, 12.5%, 10.1%, 8.6%, and 7.1%, respectively. More than 70% of Myanmar's imports of HS-27 from Thailand are comprised of imports of petroleum oils (HS-271019). The increase in Myanmar's exports of machinery-related products (HS-84 and HS-85) to Thailand, which have been important items imported from Thailand, may imply the start of back-and-forth production activities across the border of Myanmar and Thailand.

### **(3) Thailand's Trade with India and Myanmar**

Thailand's exports and imports grew at CAGRs of 2.6% and 3.0%, respectively, between 2010 and 2019. In contrast to India, which is characterised by large and expanding trade deficits, the exports and imports of Thailand have been relatively balanced, with a moderate degree of surplus (Figure 2.1).

As illustrated in Figure 2.4, the share of India in Thailand's exports and imports has exhibited an upward trend, particularly since 2017. In contrast, the share of Myanmar, which used to be rising until 2015, started to decline since then. Thailand has continuously exported to India more than it has imported from India. Trade with Myanmar was in deficit until 2014, but has turned to a surplus since then mainly because of the decrease in imports from Myanmar.

**Figure 2.4. Thailand's Trade with India and Myanmar**



Source: Compiled based on Global Trade Atlas.

**Table 2.15. Thailand's Exports to India**

2010				2019				2010 → 19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
<b>Total</b>	<b>4,392.9</b>	<b>100.0%</b>	<b>-</b>	<b>Total</b>	<b>7,305.7</b>	<b>100.0%</b>	<b>-</b>	<b>5.8%</b>
84	1,097.7	25.0%	25.0%	84	1,299.9	17.8%	17.8%	6.9%
39	524.9	11.9%	36.9%	39	835.3	11.4%	29.2%	10.7%
29	373.3	8.5%	45.4%	85	831.9	11.4%	40.6%	16.1%
85	363.1	8.3%	53.7%	71	669.5	9.2%	49.8%	14.9%
40	325.0	7.4%	61.1%	29	495.1	6.8%	56.6%	4.2%
87	264.5	6.0%	67.1%	87	428.7	5.9%	62.4%	5.6%
71	236.6	5.4%	72.5%	40	335.6	4.6%	67.0%	0.4%
17	169.6	3.9%	76.4%	74	275.0	3.8%	70.8%	8.2%
76	130.9	3.0%	79.3%	73	162.4	2.2%	73.0%	2.6%
72	95.1	2.2%	81.5%	91	149.6	2.0%	75.1%	5.1%

Source: Compiled based on Global Trade Atlas.

**Table 2.16. Thailand's Imports from India**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
Total	2,279.1	100.0%	-	Total	4,879.0	100.0%	-	8.8%
71	330.8	14.5%	14.5%	71	1,018.6	20.9%	20.9%	26.5%
84	237.7	10.4%	24.9%	84	759.2	15.6%	36.4%	20.1%
85	193.1	8.5%	33.4%	87	302.1	6.2%	42.6%	6.2%
72	170.3	7.5%	40.9%	29	299.8	6.1%	48.8%	6.0%
29	144.5	6.3%	47.2%	03	236.6	4.9%	53.6%	5.4%
87	141.0	6.2%	53.4%	85	214.1	4.4%	58.0%	0.8%
23	124.0	5.4%	58.9%	72	186.7	3.8%	61.8%	0.6%
74	113.8	5.0%	63.8%	30	150.8	3.1%	64.9%	3.1%
03	95.0	4.2%	68.0%	09	149.0	3.1%	68.0%	5.6%
52	76.4	3.4%	71.4%	38	116.7	2.4%	70.4%	2.3%

Source: Compiled based on Global Trade Atlas.

Thailand has strong trade connectivity with India in the manufacturing sector. Typical manufacturing products, namely machinery (HS-84), electrical machinery (HS-85), and transport equipment (HS-87), comprised 39.3% of Thailand's exports to India in 2010 and maintained a high level of 35.0% in 2019 (Table 2.15). The combined share of these sectors was 25.1% of Thailand's imports from India, and this increased to 26.1% in 2019 (Table 2.16). In addition, Thailand also exports various industrial materials to India. The sum of the shares of plastics (HS-39), rubber (HS-40), and organic chemicals (HS-29) was 27.8% in 2010 and 22.8% in 2019.<sup>3</sup> On the other hand, jewellery (HS-72) has been the most important import item from India, comprising 14.5% (1st) in 2010 and 20.9% (1st) in 2019.

<sup>3</sup> In 2018, Thailand's exports of HS-29 to India consists of terephthalic acid (HS-291736) (28.9%), which is often used in the production of plastic bottles and apparels; phenol (HS-290711) (15.5%), which is often used in the production of plastic and/or pharmaceutical products; and toluene (HS-290230) (13.3%), which is often used to solve various chemical materials, amongst others.

**Table 2.17. Thailand's Exports to Myanmar**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
<b>Total</b>	<b>2,072.0</b>	<b>100.0%</b>	<b>-</b>	<b>Total</b>	<b>4,352.2</b>	<b>100.0%</b>	<b>-</b>	<b>8.6%</b>
27	328.2	15.8%	15.8%	27	509.8	11.7%	11.7%	8.0%
22	155.8	7.5%	23.4%	22	359.0	8.2%	20.0%	8.9%
25	153.8	7.4%	30.8%	84	344.6	7.9%	27.9%	10.5%
21	127.5	6.2%	36.9%	87	266.8	6.1%	34.0%	7.0%
87	107.5	5.2%	42.1%	85	256.4	5.9%	39.9%	6.6%
85	106.9	5.2%	47.3%	39	186.4	4.3%	44.2%	3.8%
84	104.5	5.0%	52.3%	21	163.9	3.8%	48.0%	1.6%
39	99.5	4.8%	57.1%	73	138.4	3.2%	51.1%	4.0%
72	65.5	3.2%	60.3%	19	130.9	3.0%	54.1%	3.0%
19	62.7	3.0%	63.3%	30	105.3	2.4%	56.6%	2.8%

Source: Compiled based on Global Trade Atlas.

**Table 2.18. Thailand's Imports from Myanmar**

2010				2019				2010 →19
HS	US\$ mil.	Share	Cumulative Share	HS	US\$ mil.	Share	Cumulative Share	CAGR and Contribution
<b>Total</b>	<b>2,848.2</b>	<b>100.0%</b>	<b>-</b>	<b>Total</b>	<b>3,283.9</b>	<b>100.0%</b>	<b>-</b>	<b>1.6%</b>
27	2,627.1	92.2%	92.2%	27	2,485.0	75.7%	75.7%	-32.6%
44	73.4	2.6%	94.8%	03	167.6	5.1%	80.8%	23.2%
03	66.7	2.3%	97.2%	10	139.3	4.2%	85.0%	31.7%
07	26.3	0.9%	98.1%	74	133.1	4.1%	89.1%	26.6%
74	17.2	0.6%	98.7%	01	51.9	1.6%	90.7%	10.7%
64	6.3	0.2%	98.9%	85	41.3	1.3%	91.9%	9.5%
01	5.5	0.2%	99.1%	12	36.8	1.1%	93.0%	8.3%
52	4.0	0.1%	99.2%	07	31.7	1.0%	94.0%	1.3%
94	2.4	0.1%	99.3%	23	29.7	0.9%	94.9%	6.5%
05	2.3	0.1%	99.4%	44	27.7	0.8%	95.7%	-10.5%

Source: Compiled based on Global Trade Atlas.

Thailand's exports to Myanmar have been highly diversified, in contrast with Thailand's import from Myanmar, in which LNG in mineral fuels (HS-27) comprises a large part (Tables 2.17 and 2.18). The top category of Thailand's exports to Myanmar is also mineral fuels (HS-27), but most of this is petroleum oil (HS-271019) as already mentioned above. Thailand has also exported food and beverages to Myanmar. The combined share of beverages (HS-22), miscellaneous edible preparations (HS-21), and preparations of cereals (HS-19) was 16.7% in 2010 and remained at 15.0% in 2019. Another trend in Thailand's exports to Myanmar is the increase in machinery products. The combined share of machinery (HS-84), electrical machinery (HS-85), and transport equipment (HS-87) increased from 15.4% in 2010 to 19.9% in 2019.

### **2.3. Border Trade amongst India, Myanmar, and Thailand**

The original alignment of the Trilateral Highway (TLH) starts at Moreh in the Manipur State of India, crosses Myanmar from northwest to southeast passing Mandalay and Yangon, and ends at Mae Sot in Tak province of Thailand. Thus, the major part of the TLH is the road network in Myanmar, together with border-crossing facilities at two terminals, from Tamu to Moreh and from Myawaddy to Mae Sot. Given this configuration, Myanmar's border trade with India and Thailand is expected to shed light on the actual utilisation of the TLH.

Table 2.19 illustrates a different aspect of Myanmar's international trade with its neighbouring countries, namely India, Thailand, and China, based on the trade statistics released by the Ministry of Commerce. As already discussed, Myanmar has rapidly expanded its international trade since 2011. Total exports increased at a CAGR of 11.4% from US\$8,977 million in FY2012 to US\$17,127 million in FY2018, and total imports increased at a CAGR of 12.9% from US\$9,069 million in FY2012 to US\$18,824 million in FY2018. A large part, 39.1% for exports and 35.0% for imports, of this rapid growth is explained by the increase in trade with China, the biggest trading partner for Myanmar. During the same 6-year period, exports to China increased at a CAGR of 15.9%, from US\$2,238 million to US\$5,429 million (2.4 times), resulting in an increase in the share from 24.9% to 31.7%. In contrast, Myanmar's exports to Thailand and India decreased significantly. The decrease in exports to Thailand and India was due to the shrink in normal trade, whereas the border trade has been expanding at CAGRs of 38.9% and 63.2%, respectively.

**Table 2.19. Myanmar's International Trade with Neighbouring Countries**

	FY2012		FY2015		'FY2018'		FY2012→'FY2018'		
	US\$ mil.	%	US\$ mil.	%	US\$ mil.	%	Change Times	Contribution %	
<b>Exports</b>	<b>Total</b>	<b>8,977</b>	<b>100.0</b>	<b>11,137</b>	<b>100.0</b>	<b>17,127</b>	<b>100.0</b>	<b>1.9</b>	<b>100.0</b>
	China	2,238	24.9	4,597	41.3	5,429	31.7	2.4	39.1
	Thailand	4,001	44.6	2,893	26.0	3,131	18.3	0.8	-10.7
	India	1,019	11.3	904	8.1	630	3.7	0.6	-4.8
	<b>Normal: Subtotal</b>	<b>6,843</b>	<b>76.2</b>	<b>6,588</b>	<b>59.2</b>	<b>10,615</b>	<b>62.0</b>	<b>1.6</b>	<b>46.3</b>
	China	341	3.8	361	3.2	915	5.3	2.7	7.0
	Thailand	3,776	42.1	2,644	23.7	1,515	8.8	0.4	-27.7
	India	1,010	11.2	851	7.6	462	2.7	0.5	-6.7
	<b>Border: Subtotal</b>	<b>2,134</b>	<b>23.8</b>	<b>4,549</b>	<b>40.8</b>	<b>6,513</b>	<b>38.0</b>	<b>3.1</b>	<b>53.7</b>
	China	1,897	21.1	4,236	38.0	4,514	26.4	2.4	32.1
	: Muse	1,816	20.2	3,810	34.2	3,735	21.8	2.1	23.5
	Thailand	225	2.5	250	2.2	1,616	9.4	7.2	17.1
	: Myawaddy	56	0.6	44	0.4	114	0.7	2.0	0.7
	India	9	0.1	53	0.5	167	1.0	18.9	1.9
: Tamu	7	0.1	33	0.3	121	0.7	16.4	1.4	
<b>Imports</b>	<b>Total</b>	<b>9,069</b>	<b>100.0</b>	<b>16,578</b>	<b>100.0</b>	<b>18,824</b>	<b>100.0</b>	<b>2.1</b>	<b>100.0</b>
	China	2,719	30.0	6,395	38.6	6,137	32.6	2.3	35.0
	Thailand	697	7.7	1,973	11.9	2,474	13.1	3.6	18.2
	India	302	3.3	807	4.9	953	5.1	3.2	6.7
	<b>Normal: Subtotal</b>	<b>7,830</b>	<b>86.3</b>	<b>13,973</b>	<b>84.3</b>	<b>15,844</b>	<b>84.2</b>	<b>2.0</b>	<b>82.1</b>
	China	1,678	18.5	4,694	28.3	4,345	23.1	2.6	27.3
	Thailand	503	5.5	1,089	6.6	1,372	7.3	2.7	8.9
	India	299	3.3	789	4.8	931	4.9	3.1	6.5
	<b>Border: Subtotal</b>	<b>1,239</b>	<b>13.7</b>	<b>2,605</b>	<b>15.7</b>	<b>2,980</b>	<b>15.8</b>	<b>2.4</b>	<b>17.9</b>
	China	1,041	11.5	1,701	10.3	1,792	9.5	1.7	7.7
	: Muse	1,014	11.2	1,568	9.5	1,699	9.0	1.7	7.0
	Thailand	194	2.1	884	5.3	1,101	5.9	5.7	9.3
	: Myawaddy	89	1.0	682	4.1	754	4.0	8.5	6.8
	India	3	0.0	19	0.1	23	0.1	7.1	0.2
: Tamu	2	0.0	13	0.1	2	0.0	1.1	0.0	

Note: Myanmar changed its fiscal year from April–March to January–December since 2018. 'FY2018' in the table refers to 12 months from April 2018 to March 2019 to facilitate the comparison.

Source: Ministry of Commerce, Myanmar.

The current status of Myanmar's border trade with China, India, and Thailand reveals important trends. Border trade constitutes 38.0% of Myanmar's total exports, and 69.3% of it is to China, followed by Thailand (24.8%) and India (2.6%) in FY2018. On the import side, border trade constitutes only 15.8% of total imports, and 60.1% of it is from China, followed by Thailand (37.0%) and India (0.8%). It is clear that border trade with India is still very small in comparison with that with China and Thailand. Although border trade with India has been increasing more rapidly than that with China and Thailand, the contribution rates are much smaller than the other two countries.

Myanmar's imports from India from the Tamu–Moreh border recorded a sharp decline from US\$13 million in FY2015 to US\$2 million in FY2018. According to the official statistics, Myanmar's biggest border checkpoint for imports from India is now Rihkhawdar–Zokhawthar (US\$21 million). In contrast, the Tamu–Moreh border has been expanding as an important gateway for Myanmar's exports to India. Myanmar's exports to India through the Tamu–Moreh border increased steadily from US\$7 million in FY2012 to US\$33 million in FY2015 and US\$121 million in FY2018.

Myanmar's exports to Thailand through the Myawaddy–Mae Sot border decreased from US\$56 million in FY2012 to US\$44 million in FY2015, and then increased rapidly to US\$114 million in FY2018. This turnaround may be explained by the opening of the Myawaddy–Kawkareik bypass in 2015 with the assistance of Thailand. As Kudo (2013) points out, the rapid increase in Myanmar's border trade with China was supported by improvements in road infrastructure. A 460 km section between Muse and Mandalay was expanded and paved under build–operate–transfer (BOT) contracts with domestic private companies in 1998, followed by the development of the trunk route connecting Mandalay and Yangon in 2003. In addition, border-crossing facilities have been developed on both sides of the Muse–Ruili border. These are important cases for the development of physical infrastructure in enhancing trade connectivity along the transport corridor. However, it is also important to note that the development of physical infrastructure is clearly a facilitating factor but not a sufficient condition for enhancing trade connectivity. It is also important to pay enough attention to the role of institutional arrangements and other fundamental issues, including the income level, industrial structures, geographical conditions, and economic complementarity.

**Table 2.20. Discrepancies in Border Trade Statistics (US\$ mil.)**

Border		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Correlation
Tamu(M)	Myanmar's exports to India	7.4	15.8	33.1	32.8	38.5	42.8	-0.67
	India's imports from Myanmar	20.6	48.5	15.9	15.9	17.0	0.0	
Moreh(I)	Myanmar's imports from India	1.7	9.8	12.6	12.8	10.1	3.5	-0.51
	India's exports to Myanmar	27.2	14.5	5.2	2.9	0.1	0.1	
Myawaddy(M)	Myanmar's exports to Thailand	55.8	49.1	32.9	43.8	60.2	82.8	0.53
	Thailand's imports from Myanmar	37.0	77.6	96.0	117.4	125.2	167.8	
Mae Sot (T)	Myanmar's imports from Thailand	89.0	222.4	424.0	682.3	871.5	859.4	0.99
	Thailand's exports to Myanmar	1,082.1	1,280.9	1,538.3	1,851.3	2,386.2	2,397.1	

Note: The fiscal year in Myanmar and India is from April to March, while in Thailand it is from October to September.

Source: (Myanmar) Ministry of Commerce, (India) Land Custom Station at Moreh, and (Thailand) compiled by JETRO Bangkok based on the original data provided by the Thai Customs Department.

The quality or accuracy of trade statistics is another important issue to be addressed in order to enable evidence-based policy making. For example, Myanmar's exports to India at Tamu must mirror India's imports from Myanmar at Moreh by definition.<sup>4</sup> However, this is not the case, as illustrated in Table 2.20 where the correlation coefficient for the latest six years is  $-0.67$ .<sup>5</sup> Trade statistics from Myanmar and Thailand show a positive correlation but the magnitude of the data is significantly different. There are cases where exports are registered officially, while the counterpart does not report its imports in order to evade import tariffs or other forms of restrictions.<sup>6</sup> Another reason was also implied by a comment from a border trade officer at Myawaddy saying that getting rid of illicit trade 'is not an easy task because Myanmar considers border trades only at the new friendship bridge trade centre and border trade zone legal, but over 30 border gates (mostly managed by ethnic armed groups such as Kayin State Border Guard Force – BGF, Karen National Union – KNU and Democratic Karen Benevolent Army – DKBA) along the Moei river are regarded legal from Thailand side' (MSR, 2020).

<sup>4</sup> Reflecting the proximity between the two border check points, the difference caused by cost, freight, and insurance (CIF) and time lags is expected to be smaller than for normal trade.

<sup>5</sup> Taneja et al. (2019) also point out the statistical discrepancy in the border trade between India and Myanmar.

<sup>6</sup> For example, India's increase in import tariffs on betel nuts in January 2017 from 4% to 40% is reported as a cause of tax evasion. See for example, 'At Moreh, trade with Myanmar borders on informal', *The Hindu: Business Line*, 12 November 2018.

## 2.4. Border Trade Connectivity along the TLH: An Indian Perspective<sup>7</sup>

Trade has special significance for the North Eastern Region (NER) of India. Most (98%) of the border of the NER faces neighbouring countries, such as China, Bhutan, Myanmar, and Bangladesh. Myanmar shares a 1,643 km international border with the NER, with the states of Arunachal Pradesh (520 km), Manipur (389 km), Mizoram (510 km), and Nagaland (215 km). Despite four states sharing an international border with Myanmar, border trade with Myanmar only happens through Moreh in Manipur and Zokhawthar in Mizoram.

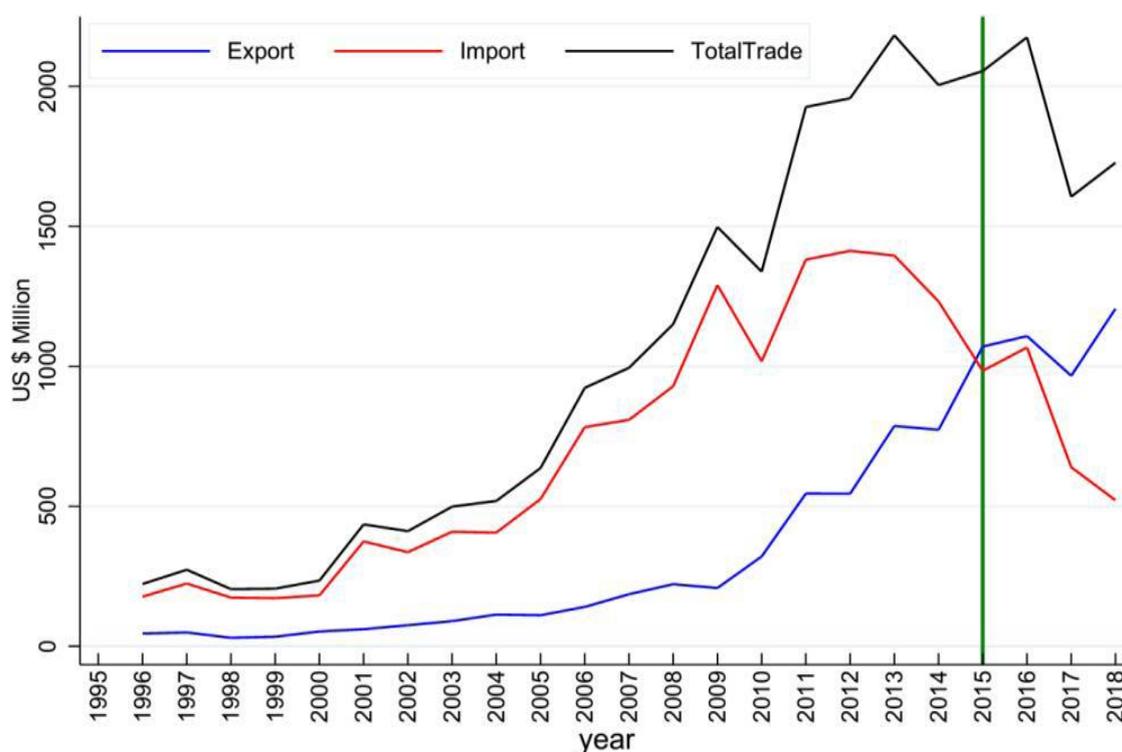
The India–Myanmar Border Trade Agreement was signed on 21 January 1994 and border trade started through the land customs stations (LCSs) of Moreh, Zokhawthar, and Nampong in Arunachal Pradesh. Out of three LCSs, only Moreh and Zokhawthar are functional border posts. Border trade through Moreh to Tamu in the Sagaing Region of Myanmar was formally started on 12 April 1995, while border trade through Zokhawthar and Rihkhawdar in Chin State of Myanmar began operation on 30 January 2004 with a new LCS opened on 14 September 2007.

India and Myanmar signed a bilateral trade agreement in 1970. Although there is no bilateral free trade agreement (FTA), Myanmar is one of India's FTA partners as a member of the Association of Southeast Asian Nations (ASEAN). The ASEAN–India FTA was signed on 13 August 2009 for trade in goods and on 13 November 2014 for trade in services. The trade in goods agreement entered into force on 1 January 2010 with ratification by India, Malaysia, Singapore, and Thailand. Myanmar joined the agreement by completing the ratification process on 1 June 2010. India also offers duty-free and quota-free (DFQF) market access to Myanmar. Bilateral trade has grown steadily and reached US\$2.17 billion in 2016 (Figure 2.5). India's introduction of quotas on the imports of pulses and a hike in duty prices of about 40% on imports of betel nuts from Myanmar led to declines in India's formal imports from Myanmar from 2016 onwards. Myanmar maintained a trade surplus with India until 2015, and this turned into trade deficit thereafter.

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<sup>7</sup> This subsection is based on the country report for India (De, et al. 2020).

**Figure 2.5. India's Formal Trade with Myanmar**



Source: Export-Import Databank, Government of India.

Notwithstanding the decline of bilateral trade in recent years, both India and Myanmar have significantly diversified their bilateral trade in terms of the number of goods traded. For instance, India has significantly increased its number of products exported to Myanmar from 1,122 in FY2010 to 2,469 in FY2018,<sup>8</sup> showing a rise of 10.63% per annum during the period. Similarly, Myanmar has almost doubled its number of products exported to India from 159 in FY2010 to 313 in FY2018.<sup>9</sup> This suggests higher consumer confidence in the economies, thereby opening further scope for trade creation between the two countries.

Compared to major exports and imports between India and Myanmar, most of which are routed through oceans, there are very few products that are traded through the land borders of India and Myanmar. Border trade potential between India and Myanmar is yet to be unlocked. From the Indian perspective, Myanmar is the gateway to and from ASEAN. Therefore, the completion

<sup>8</sup> In India, a fiscal year is from 1 April of a year to 31 March of the next calendar year.

<sup>9</sup> Based on the HS 8-digit level. Export-Import Databank, Government of India.

of the TLH is expected to generate new demand for trade through the land border, particularly via Moreh and Tamu.

Trade improves the social and economic conditions of the people who are directly participating in the trade. To boost exports from the NER in general and Manipur in particular, northeastern states have to create adequate infrastructure for the promotion of export-oriented firms and a business environment that facilitates cross-border linkages. For instance, some of the small and medium-sized enterprises (SMEs) located in and around Imphal city engaging in production activities, such as of PVC pipes, plastics, garments, processed foods, electrical products, and so on, also export to Myanmar through the Integrated Check Post (ICP) at Moreh. Local industries may switch over to the land border for their overseas trade once the TLH is completed. Therefore, assessing the current profile of border trade between India and Myanmar is important in order to make an appropriate strategy-driven connectivity programme for stimulating regional development in the NER.

Border trade started operating between the two countries in 1969. From 1990 to 1992, there were only India's exports to Myanmar. There were no imports from Myanmar to India. In 1992, legal trade based on a barter system on locally produced items within the radius of 40 km on the either side of the border started between the two countries and continued till 2006. In 1995, the agreement initially allowed 22 items to be traded up to US\$20,000 under this system, with the mandate that imports and exports had to be balanced by exporting/importing goods of equivalent value within six months. 'Under this system, export from India to Myanmar shall precede import into India from Myanmar. No monetary transaction is involved under barter mechanism' (Manipur Online, 2010). Both exporters and importers have to possess an Importer Exporter Certificate allotted by the Director General of Foreign Trade. Guarantee receipt formalities are required only if the value per transaction exceeds US\$1,000. In addition, 18 more items in 2008 and 22 items in 2012 were added to the list of tradable items for border trade (Table 2.21). Since 2015, formal trade based on the most-favoured-nation principle started between the two countries. Although normal trade started at the border, no duty drawbacks or trade preferences were extended to traders in the border.

**Table 2.21. Items Permitted for Border Trade between India and Myanmar**

<b>10 April 1995: DGFT Public Notice No. 289(PN)/92-97</b>
22 commodities/items were permitted for border trade. (1) bamboo, (2) betel nuts and leaves, (3) chillies, (4) coriander seeds, (5) food items for local consumption, (6) fresh vegetables, (7) fruits, (8) garlic, (9) ginger, (10) katha, (11) minor forest products (excluding teak), (12) mustard/rape seed, (13) onion, (14) pulses and beans, (15) reed broom, (16) resin, (17) roasted sunflower seeds, (18) sesame, (19) soya bean, (2) spices (excluding nut meg, mace, cloves, cassia & cinnamon), (21) tobacco, and (22) tomato.
<b>7 November 2008: DGFT Public Notice No. 106(RE-2008)/2004-2009</b>
18 new commodities/items were added and permitted for border trade. (1) agarbatti, (2) bicycle's spare parts, (3) blades, (4) bulbs, (5) cosmetics, (6) cotton fabrics, (7) fertilizers, (8) imitation, jewellerys, (9) insecticides, (10) leather footwear, (11) life saving drugs, (12) menthol, (13) mosquito coils, (14) paints & varnishes, (15) spices, (16) stainless steel utensils, (17) sugar & tomato, salt, (18) X-ray paper & photo paper.
<b>16 November 2012: DGFT Public Notice No. 30 (RE2012)/2009-2014</b>
22 new commodities/items were added and permitted for border trade. (1) agricultural machinery, equipments, tools, (2) bicycle, (3) bleaching powder, (4) coal, (5) edible oil, (6) electrical & electric appliances, (7) fabricated steel products, (8) garments, readymade garments, cloths, (9) handlooms and handicrafts items, (10) hardware, minor construction materials, and electrical fittings, (11) lime, (12) medicines, (13) milk powder, tea, edible oil, beverages, (14) motor cycles & motor cycle spare parts, (15) other items such as electronic/musical instruments, stationary item, torch light, (16) plastic items, such as water tank, buckets, chairs, plastic pipes and briefcase, (17) rice, wheat, maize, millets & oats, (18) scented tobacco, (19) semi precious stone, (20) sewing machines, (21) textile fabrics, and (22) two/three wheelers/cars below 100cc.

Source: De et al. (2020).

Although the border trade between India and Myanmar has increased, the size is not substantial when compared with Myanmar's border trade with China or Thailand (Table 2.19). The bilateral border trade volume may go up if we factor in the volume of informal trade between India and Myanmar. A substantial part of bilateral trade at the Moreh– Tamu border is carried out informally and, therefore, is not recorded in the official statistics. In the formal sector, Myanmar's exports to India through Tamu border totalled US\$11.3 million in FY2005,<sup>10</sup> remained a low level of US\$7.4 million in FY2012, and then started to increase and reached US\$177.2 million in FY2018 (Table 2.19). On the other hand, based on Indian official statistics, India's exports to Myanmar through Moreh increased from US\$4.0 million in FY2005 to only US\$23.45 million in FY2018 (De et al. 2020).<sup>11</sup> India's major exports to Myanmar through Moreh are high-speed

<sup>10</sup> The data for FY2005 is taken from De et al. (2020), the original source of which is the information provided by the Embassy of India, Yangon. The data from FY2012 onward are regularly released by Myanmar's Ministry of Commerce as illustrated in Table 2.19.

<sup>11</sup> According to Table 2.19, which is based on the official statistics of Myanmar released by the Ministry of

diesel, wallpaper, wheat flour, methyl bromide, and fertiliser; whereas, India's major imports from Myanmar through Moreh are betel nuts, fresh vegetables, and fruits.<sup>12</sup>

Myanmar's exports to India do not pay any export duty for those items that are allowed to be exported to India. However, some of Myanmar's exports pay 2% duty to the Myanmar government. At present, 13 items are not allowed to be exported from Myanmar to India, and three items are not allowed to be imported from India to Myanmar. Out of 10,000 tariff line-wise export products, 3,500 tariff line products need export licenses. On the other hand, 4,800 tariff line products need import licenses. The rest of the products do not require any license, and traders can engage in export and import without major documentation and compliance. Tamu Chamber of Commerce is the nodal agency involved in facilitating Myanmar's trade with India through the Tamu border.

Betel nuts (or areca nuts) have long been the major export item from Myanmar to India. Myanmar, being a least developed country, receives a general duty-free quota market access from India, and the import of betel nuts was levied a countervailing duty of 4% only. However, the Government of India introduced a series of policy measures to protect domestic producers of betel nuts by discouraging imports from, or through, Myanmar.<sup>13</sup> First, the minimum import price (MIP) of betel nuts was raised 47.3% from Rs110/kg to Rs162/kg in June 2015 (Taneja et al. 2019). Second, a 40% tax duty on the import of betel nuts was introduced with effect from 25 November 2016.<sup>14</sup> As a result, the total tax levied on imports of betel nuts stands at 47%, consisting of basic duty (40%), CVD (4%), and cess (3%) (Ghosal and Mitra, 2017). Third, the MIP was increased again in January 2017 from Rs162/kg to Rs251/kg.<sup>15</sup> In response to these

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Commerce, Myanmar's imports from India through the Tamu–Moreh border totalled US\$1.87 million in FY2018.

<sup>12</sup> According to RIS Survey (2019), exports through Moreh ICP in FY2018 were (i) one cargo (5,000 kg) of pesticides (methyl bromide), worth US\$36,600, in February 2019; (ii) one consignment (940 kg) of wallpaper, worth US\$37,000, in March 2019; and (iii) 16.95 metric tons of high-speed diesel US\$11,230, in April 2019.

<sup>13</sup> It is believed, from anecdotal and informal sources, that a large part of betel nuts imported from Myanmar through the Moreh ICP were originally from Indonesia and transported to Myanmar from Thailand at the Mae Sot–Myawaddy border.

<sup>14</sup> According to Ghosal and Mitra (2017), the original source of information is the official letter (C.No.VIII(21)2/Cus/Tech/IMT/2016/10488-90(A)) issued by Customs Headquarter of Shillong on 16 September 2016.

<sup>15</sup> Refer to Ghosal and Mitra (2019) as well as The Dollar Business Bureau (2017). According to the article, '(t)he increase in the existing MIP on import of areca nuts will be interest of the domestic farmers, the statement said. MIP is the rate below which no imports are allowed. The largest producer of areca nuts in the country is Karnataka, followed by Kerala and Assam'.

measures, imports of betel nuts from Myanmar through the formal channel fell considerably from US\$1,067.25 million in FY2016 to US\$457 million in FY2018. At the same time, this has encouraged the rise of informal trade of betel nuts through the land border. Claiming that betel nuts entering India through Moreh are not necessarily of Myanmar origin, Indian Customs insists on a certificate of origin (COO) for the import of betel nuts. In response, Myanmar's authority at Tamu claims that the green betel nut variety is produced in the Kalay township in the Sagaing region and areas along the Chindwin River (RIS Survey, 2019). It is obvious, however, that Myanmar's exports of betel nuts at the Tamu–Moreh border, including those through informal channels, were significantly more than the production capacity of Myanmar.<sup>16</sup> There still remain a number of problems. It is also reported that the Tamu border trade station in Sagaing Region was closed for several months in early 2018, and due to the closure, traders sent areca nuts from Indonesia to India via Rhi in Chin State. In order to curb this diverted trade, the Government of India banned vehicles from crossing the Myanmar–India border bridge in Rih since May 2018 (Myanmar Times, 2019).

A major disadvantage to border trade is the lack of trade complementarities between the NER of India and Myanmar. Both regions share very similar industrial structures, where agriculture and resource extraction dominate. The NER produces mainly tea, coal, limestone, fruit, and vegetables, etc., and lacks the industrial capacity to produce the manufacturing products that Myanmar needs (Nath, 2018). This suggests that most of the border trade consists of informal trade, including goods from third countries, which brings arguably lower economic benefits to the region. On top of this, the overland route carries high transaction costs, which make it a far less desirable option, compared to ocean transport (Chong, 2018).

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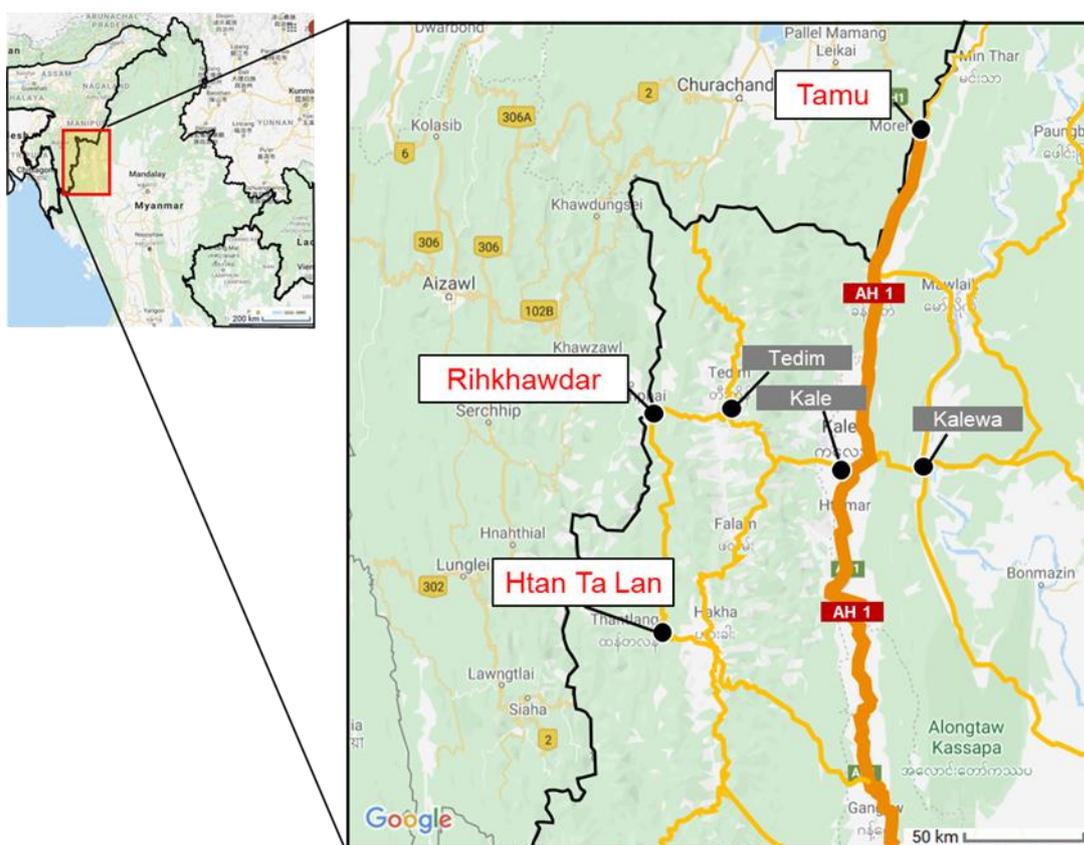
<sup>16</sup> According to U Khin Maung Tint, secretary of Kalay–Tamu Border Trade Merchant Association, '(w)e export more than 40,000 tonnes of betel nuts to India. Therefore, the amount of illegal betel nuts from Indonesia is more than 30,000 tonnes'. See Myanmar Times (2018).

## 2.5. Border Trade Connectivity along the TLH: A Myanmar Perspective<sup>17</sup>

### (1) Tamu–Moreh (India)

Tamu is a town in Sagaing Region, adjacent to the city of Moreh in the Manipur State of India, It serves as the largest trading point with India amongst three main border points, namely, Tamu, Rihkhawdar,<sup>18</sup> and Htan Ta Lan (Figure 2.6). The Tamu border customs post was opened in 1995 after Myanmar and India signed a border trade agreement. This agreement also enabled the opening of the Rihkhawdar–Zokhawthar border point, which is the second border point with India after Tamu in terms of trade volume.

Figure 2.6. Three Border Points between Myanmar and India



Source: Drawn by MSR based on ©GoogleMap2020.

<sup>17</sup> This subsection is based on the country report for Myanmar (MSR, 2020).

<sup>18</sup> Rihkhawdar is also spelt as Rhi or Reed.

Compared to the total border trade, Tamu accounts only for 0.5% (Table 2.22), but in the past five years, trade has been increasing significantly led by the rapid growth of exports (Table 2.19). According to a border official, exports are still limited as the threat of ethnic minority armed groups like Kathae (Khasi) and Naga occasionally disrupt trade, which causes high transportation costs.<sup>19</sup> Imports from India are declining since the road from Imphal to Moreh is not well maintained. This increases the logistics and transport costs that are reflected in a final imported good's value. Therefore, the imported Indian products face tough condition to compete in the local markets like Mandalay and Yangon.

Traditionally, the single most exported good from Myanmar at the Tamu border point are betel nuts (also known as areca nuts), which is the fruit of a local palm tree. Betel nuts are widely consumed both in Myanmar and in India. In Myanmar, the nuts are grown in areas such as Tanintharyi, Ayeyarwady, and Mon, and the annual production is about 10,000 tons. India is one of the world's largest producers of betel nuts, but due to large demand in the Indian market, the reasonable price of importing from Myanmar, and the similarity of tastes between Myanmar and Indian products, India imports betel nuts from Myanmar.

**Table 2.22. Myanmar's Border Trade**

Border Trade Point	Border country	Trade Value (export + Import) (USD)		% of total 2017-2018
		2016-2017	2017-2018	
Muse	China	5410.1	5841.9	68.6%
Myawaddy	Thailand	931.7	942.3	11.1%
Chin Shwe Haw	China	573.4	572.2	6.7%
Myeik	Thailand	209.5	259.4	3.0%
Lwejel	China	202.1	237.8	2.8%
Kaw Thaug	Thailand	133.9	202.9	2.4%
Nabulae/Htee Khee	Thailand	106.6	122.3	1.4%
Kanpitete	China	90.8	116.6	1.4%
Tachileik	Thailand	48.6	92.7	1.1%
Tamu	India	39.7	46.3	0.5%
Rhi (Reed)	India	11.9	44.4	0.5%
Sittwe	Bangladesh	5.9	14.8	0.2%
Maung Daw	Bangladesh	4.6	14.3	0.2%
Mawtaung	Thailand	4.5	7.4	0.1%
Keng Tung	China	3.2	1.9	0.0%
Mese	Thailand	0.4	1.0	0.0%
Htan Ta Lan	India		0.0	0.0%
Total	-	7777.0	8518.3	100.0%

Source: MSR (2020), based on original data from the Ministry of Commerce.

<sup>19</sup> Based on an interview in Tamu conducted by MSR in January 2020.

As described above, India has enhanced the restrictions on its imports of betel nuts from Myanmar by raising the minimum import price (MIP), introducing a tax duty of 40%, and even limiting the entry of vehicles since 2015 to protect domestic producers by curbing illegally imported betel nuts. India has pointed out that about 75% of the imported betel nuts are illegally imported to Myanmar through the Myawaddy border point with Thailand (Myanmar Times, 2018). The Indian government claimed these illegally imported betel nuts are not taxed properly by the Myanmar government. According to a border official at Tamu, exports of areca nuts have diminished recently in Tamu because of strict regulations for illegal exports and increased duties. The most recent export figures show that betel nuts do not appear in the top-10 export items from the Tamu border point.<sup>20</sup> Now, betel nuts are exported mainly from the Rih border trade point due to the lower taxes and fewer restrictions imposed on them than at the Tamu border, which are also, in some cases, illegally smuggled into India.<sup>21</sup>

Regarding Myanmar's imports from India at the Tamu–Moreh border point, motorcycles are now the top item followed by garden peas and *tamung lone kyaw* (ginseng) in FY2016. According to the updated information on imports for FY2018, medical equipment is top, followed by petroleum products and machine equipment. Due to the relatively small volume of imports from India, the items may change depending on the year-to-year demand from the Myanmar side.

### **(1) Myawaddy–Mae Sot (Thailand)**

There are in total seven border trade zones between Myanmar and Thailand, one each from Mese of Kayah State, Tachileik in Shan State, and Myawaddy in Kayin State; and four in Tanintharyi Region, namely, Hteekhee, Mawtaung, Kawthoung and Myeik (Figure 2.7). Myawaddy is located in the southeastern part of Myanmar, separated from the Thai border town of Mae Sot by the Moei River (Thaung Yinn River). Myawaddy is one of the most important border trade zones between Myanmar and Thailand, as well as the second biggest amongst Myanmar's 18 border trade points only after Muse, which shares the border with Ruili in Yunnan Province of China.

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<sup>20</sup> According to the data provided by Tamu border office, the top-10 export items are (1) black gram, (2) pigeon peas, (3) processed wood, (4) chickpeas, (5) raw rubber, (6) hard wood, (7) metals and ore, (8) red kidney beans, (9) maize, and (10) black pepper.

<sup>21</sup> Interview with border trade officers in Tamu in January 2020.

Figure 2.7. Seven Border Points between Myanmar and Thailand



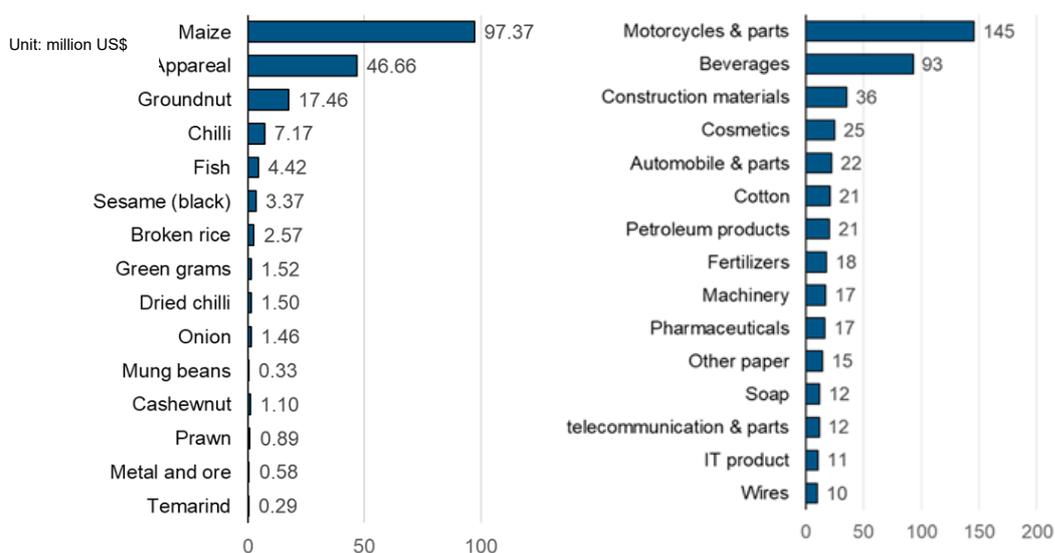
Source: Drawn by MSR (2020) based on ©Google Map 2020.

In terms of the total value of border trade, Myawaddy accounts for 11.1% (Table 2.22), but in the past 5 years, trade has been increasing significantly, at a CAGR of 16.24% from FY2014 to

FY2019. According to border officials at Myawaddy, although border trade at Myawaddy has steadily been increasing, it is estimated that illegal trade may be five times higher than the legal trade. Recently Chang beer from Thailand entered the rapidly growing beverage market in Myanmar by establishing a joint venture with a Myanmar brewery. Now Chang has to compete with its own products available on the black market. Since Myanmar does not allow beer imports, it is proof that the government is still trying hard to fight against smuggling at the border areas (Frontier Myanmar, 2020).

Since Myanmar is still an agriculture-based country, most of the export items from Myanmar are mainly agricultural and marine products (Figure 2.8). In FY2018, maize was the top export item to Thailand, but it was not even in the top-15 list for FY2017. A border trade officer at Myawaddy pointed out that although the Myanmar and Thai governments signed a cross-border trade agreement, they still need to negotiate to implement an equal policy on the taxation of certain goods throughout the year.

**Figure 2.8. Myanmar’s Border Trade with Thailand at Myawaddy (FY2018)**



Source: MSR (2020), based on data provided by the Myawaddy border trade office.

Regarding imports from Thailand through Myawaddy, motorcycles were the top item followed by automobile parts, agricultural machinery, and beverages in FY2017. According to the updated information on imports for FY2018, motorcycles stayed on top, followed by beverages,

construction materials, and automobile parts. Due to the relatively small volume of imports from India, the items may change depending on the year-to-year demand from the Myanmar side. While formal trade on which the government collects duties may be rising, the amount of illegal trade across the long and mountainous border, where ethnic armed forces are active, is still unknown. Due to strict action taken against illegal trade at Myawaddy, the imported trade volume has risen significantly.

## **(2) Keng Lap–Xieng Kok (Lao PDR)**

Keng Lap is a small town in Shan State of Myanmar that is situated along the border facing Xieng Kok in the Luang Namtha Province of the Lao PDR. Although the Myanmar–Lao PDR Friendship Bridge, connecting Keng Lap and Xieng Kok over the Mekong River, was opened in May 2015, the level of traffic across the bridge has been very low due mainly to the lack of a bilateral cross-border transport agreement.

From October 2019, trade at the Keng Lap border was opened. The border station started issuing licenses and permits for Myanmar exporters to enable them to trade with not only Lao PDR but mainly with China. According to a Keng Lap border official, exports from Myanmar started in FY2018, but there have been no imports from the Lao PDR to date. Currently, Myanmar exporters are waived the export tax to the internal revenue department. Export items have been limited to rice, maize, livestock (goats), and rubber. Rice is the main export item from Myanmar. According to the Ministry of Commerce, the trade value was US\$18,000 in FY2018 and US\$81,000 in September–November of 2019.

According to a Keng Lap border official, the export quota of rice from Myanmar to China, which goes through Muse, reached its limit in 2019.<sup>22</sup> As a result, the Keng Lap border trade station became the main alternative transit gate for rice from Myanmar to China. On the other side of the Myanmar–Lao PDR Friendship Bridge, Chinese trucks arranged by Chinese importers wait to pick up commodities directly from Myanmar trucks. The official also added that starting from 2019, Myanmar traders are exporting rice directly to China without using the bypass route via the Lao PDR. However, they may again use the bypass route in the latter half of 2020 when they use up all of the export quotas to China. There have been no customs officials assigned on the

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<sup>22</sup> Based on an interview by MSR in December 2019.

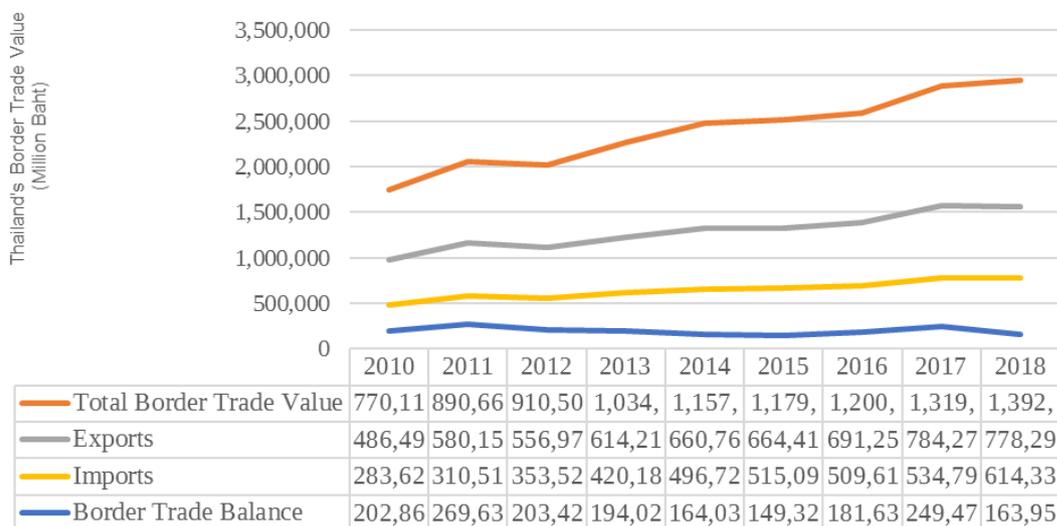
Lao PDR’s side of the Friendship Bridge because the Lao PDR does not recognise that the border gate is operational due to the lack of a bilateral cross-border transport agreement.<sup>23</sup>

As of February 2020, the border gate is temporary closed in order to prevent the spread of the COVID-19 virus. The export of rice to China could be re-activated upon the Myanmar government’s decision. To the Lao PDR, in addition to goats, other livestock, such as cows and buffaloes, are in line to be exported through the Keng Lap border gate in 2020.<sup>24</sup> There have been no imports from the Lao PDR at the Keng Lap border trade station.

## 2.6. Border Trade Connectivity along the TLH: A Thai Perspective<sup>25</sup>

In order to obtain insights about the potential of the TLH, it is important to have trade statistics on Thailand’s main border point. The problem with these statistics is that they are official numbers, which do not take into account border and informal trade being done at the border. Nonetheless, it is important to illustrate the overall value of Thailand’s border trade. Thailand currently enjoys an overall positive border trade balance, as shown in Figure 2.9.

**Figure 2.9. Thailand’s Border Trade**



Source: Banomyong (2020), based on Thai Ministry of Commerce.

<sup>23</sup> Based on an interview with officials of Luang Namtha Province of the Lao PDR by the MSR in January 2020.

<sup>24</sup> Based on a follow-up interview with Keng Lap border trade officials over the phone, conducted by MSR, in February 2020.

<sup>25</sup> This subsection is based on the country report for Thailand (Banomyong, 2020).

Another observed limitation related to border statistics is that each Thai Customs house collects its statistics in a different format. Although the main statistics collected are the same, the level of detail required by each Customs house is different. Border trade data are collected in value terms, and it is almost impossible to obtain volume data. The section hereafter presents different trade statistics from the main Thai border posts.

#### **(1) Mae Sot–Myawaddy (Myanmar)**

Mae Sot is currently the most important border post in terms of border trade value with Myanmar. The completion of the Second Thai–Myanmar Friendship Bridge and improved infrastructure on the Myawaddy side have helped Mae Sot grow in terms of trade value. The statistics of the top-25 commodities for exports and imports are described in Table 2.23. The Thai fiscal year starts on 1 October and ends on 30 September.

The data provided by Mae Sot Customs House shows the evolution of the major exports and imports via Mae Sot. The top export in FY2016 and FY2017 to Myanmar was sugar, comprising 6.6% and 6.2% of total exports to Myanmar through Mae Sot, respectively. However, in FY2018, sugar was ranked 6th (1.9%), being overtaken by motorcycles (4.0%). The reason why sugar was the most exported commodity was because of a sugar shortage in China. Because of the sugar quotas in China, the price of sugar per ton in the Chinese market was on average US\$200 higher than prices in global markets. Even though the transport cost per ton was between US\$50–US\$70, it was still worthwhile to use the overland transit route via Myanmar.

It was estimated that more than 4 million tons of sugar from India and Thailand were exported via Myanmar to China through the Muse–Ruili border gate over the 2-year period, but these numbers cannot be officially confirmed. Almost all products exported from Thailand from Mae Sot do not have India as a final destination, and most of the commodities are destined for Myawaddy, Yangon, and Mandalay. It is important to note that on the Myanmar side, the import statistics do not match the export statistics of the Thai side as quite a large portion of the Thai exports are not declared when they enter Myanmar.

For example, according to Thai trade data, dried areca nuts (betel nuts) worth B1,234 million were exported to Myanmar through Mae Sot Customs (Table 2.23). However, according to Myanmar trade data, the corresponding import is not listed in the top-15 items (Figure 2.8).<sup>26</sup>

**Table 2.23. Thai Border Trade with Myanmar at Mae Sot**

FY2018 (October 2017 – September 2018)							
Export	B mil.	Share	Cumulative share	Import	B mil.	Share	Cumulative share
1. Motorcycles	3,136	4.0%	4.0%	1. Live cattle	1,427	22.0%	22.0%
2. Everygy drinks	3,126	3.9%	7.9%	2. Iron scrap	1,057	16.3%	38.3%
3. Mobile phone, etc.	2,436	3.1%	11.0%	3. Peanut	763	11.8%	50.1%
4. Gasoline	1,831	2.3%	13.3%	4. Antimony oxide	450	6.9%	57.0%
5. Diesel oil	1,756	2.2%	15.5%	5. Mobile phone	362	5.6%	62.6%
6. Sugar	1,511	1.9%	17.4%	6. Electrical transformer	204	3.2%	65.7%
7. Chemical fertiliser	1,491	1.9%	19.3%	7. Wood furnitures	196	3.0%	68.7%
8. Cotton printed fabric	1,330	1.7%	21.0%	8. Lady's underwear	130	2.0%	70.7%
9. Dried areca nuts	1,234	1.6%	22.5%	9. Cashew nuts	110	1.7%	72.4%
10. Floor tiles	1,177	1.5%	24.0%	10. Sesame (grains)	98	1.5%	74.0%
Total	79,272	100.0%	-	Total	6,487	100.0%	-

FY2017 (October 2016 – September 2017)							
Export	B mil.	Share	Cumulative share	Import	B mil.	Share	Cumulative share
1. Sugar	4,783	6.2%	6.2%	1. Live cattle	1,376	26.0%	26.0%
2. Motorcycles	2,984	3.8%	10.0%	2. Peanut	1,028	19.4%	45.3%
3. Mobile phone, etc.	2,775	3.6%	13.6%	3. Antimony oxide	383	7.2%	52.6%
4. Everygy drinks	1,882	2.4%	16.0%	4. Wood furnitures	328	6.2%	58.8%
5. Cotton printed fabric	1,519	2.0%	17.9%	5. Mobile phone	314	5.9%	64.7%
6. Beer	1,464	1.9%	19.8%	6. Iron scrap	163	3.1%	67.8%
7. Liquid petroleum gas	1,234	1.6%	21.4%	7. Dried chilli	154	2.9%	70.7%
8. Harvesting machinery	1,230	1.6%	23.0%	8. Tamarind	94	1.8%	72.5%
9. Beverage	1,182	1.5%	24.5%	9. Electrical transformer	92	1.7%	74.2%
10. Slippers	1,123	1.4%	26.0%	10. Cashew nuts	70	1.3%	75.5%
Total	77,690	100.0%	-	Total	5,302	100.0%	-

FY2016 (October 2015 – September 2016)							
Export	B mil.	Share	Cumulative share	Import	B mil.	Share	Cumulative share
1. Sugar	5,244	6.6%	6.6%	1. Peanut	765	18.3%	18.3%
2. Mobile phone, etc.	5,023	6.3%	12.9%	2. Live cattle	684	16.4%	34.7%
3. Beverage	3,010	3.8%	16.7%	3. Antimony oxide	359	8.6%	43.3%
4. Beer	2,724	3.4%	20.1%	4. Dried chilli	296	7.1%	50.3%
5. Motorcycles	2,397	3.0%	23.1%	5. Green beans	170	4.1%	54.4%
6. Harvesting machinery	2,226	2.8%	25.9%	6. Antimony	128	3.1%	57.5%
7. Cotton printed fabric	1,958	2.5%	28.4%	7. Wood furnitures	120	2.9%	60.3%
8. Everygy drinks	1,925	2.4%	30.8%	8. Mobile phone	115	2.8%	63.1%
9. Television	1,454	1.8%	32.6%	9. Onion	112	2.7%	65.8%
10. Gasoline	1,344	1.7%	34.3%	10. Bicycle (used)	95	2.3%	68.0%
Total	79,627	100.0%	-	Total	4,179	100.0%	-

Source: Banomyong (2020), based on the data provided by Mae Sot Customs House.

<sup>26</sup> The value of the 15th import item (wires) is US\$10 million (about B325 million), which is significantly below the export value (B1,234) recorded in Thai trade data.

On the Thai import side, the commodity with the highest import value depends on the year and is either peanuts or live cattle that are destined for Malaysia. The value of imports is quite small compared to the value of exports at Mae Sot, and they are mostly composed of agricultural products or goods coming from the export processing zones in Myawaddy.

## **(2) Aranyaprathet–Poipet (Cambodia)**

Aranyaprathet is the main border post between Thailand and Cambodia. This border post can be considered as a potential gateway for the TLH into Cambodia. It must not be forgotten that in the Asian Development Bank's Southern Economic Corridor development, Dawei in Myanmar via the Thai province of Kanchanaburi will be connected to Aranyaprathet. Table 2.24 illustrates the trade statistics of Aranyaprathet, which faces Poipet in Cambodia.

There is a strong imbalance between exports and imports, with more Thai exports than imports from Cambodia. Aranyaprathet border post currently suffers from congestion, as the physical facilities are inadequate for the growing volume of freight and people going across. The Thai government is now building two new border posts near this area at Ban Pa Rai and Nong Ien with support for the facilities on the Cambodian side being given by the Neighbouring Countries Economic Development Cooperation Agency, which is the Thai aid agency. Officials at this border post are sceptical regarding the linkages with the TLH but see the potential connectivity with Southern Viet Nam, especially Ho Chi Minh City and ports in Vung Tau. If the TLH is to be extended through Aranyaprathet, then it will be challenging to identify freight flows to and from India.

**Table 2.24. Thai Border Trade with Cambodia at Aranyaprathet**

FY2018 (October 2017 – September 2018)							
Export	B mil.	Share	Cumulative share	Import	B mil.	Share	Cumulative share
1. Beverage	4,882	6.8%	6.8%	1. Tapioca	4,075	24.1%	24.1%
2. Motorcycle engines	4,295	6.0%	12.8%	2. Motor components	1,640	9.7%	33.8%
3. Motorcycle parts	3,634	5.1%	17.9%	3. Aluminium scraps	1,325	7.8%	41.6%
4. Cars	3,559	5.0%	22.9%	4. Copper scraps	930	5.5%	47.1%
5. Motorcycles	2,405	3.4%	26.3%	5. Dog feed	684	4.0%	51.1%
6. Tractor	2,400	3.4%	29.6%	6. Tiny DC motors	494	2.9%	54.0%
7. Cement	1,963	2.7%	32.4%	7. Printed circuit board	489	2.9%	56.9%
8. Harvesting machinery	1,736	2.4%	34.8%	8. Hard disk components	456	2.7%	59.6%
9. Plastic products	1,584	2.2%	37.0%	9. Soybean	359	2.1%	61.8%
10. Knitted fabric	1,446	2.0%	39.0%	10. Electric wire	306	1.8%	63.6%
Total	71,467	100.0%	-	Total	16,926	100.0%	-

FY2017 (October 2016 – September 2017)							
Export	B mil.	Share	Cumulative share	Import	B mil.	Share	Cumulative share
1. Cars	3,432	6.1%	6.1%	1. Tapioca	6,156	37.9%	37.9%
2. Motorcycle engines	3,038	5.4%	11.4%	2. Motor components	1,282	7.9%	45.8%
3. Motorcycle parts	2,891	5.1%	16.5%	3. ISO tank	1,043	6.4%	52.3%
4. Harvesting machinery	2,704	4.8%	21.3%	4. Aluminium scraps	764	4.7%	57.0%
5. Beverage	2,680	4.7%	26.1%	5. Copper scraps	756	4.7%	61.6%
6. Cement	1,897	3.4%	29.4%	6. Dog feed	641	4.0%	65.6%
7. Tractor	1,577	2.8%	32.2%	7. Tiny DC motors	456	2.8%	68.4%
8. Plastic products	1,457	2.6%	34.8%	8. Women's cloths	281	1.7%	70.1%
9. Motorcycles	1,132	2.0%	36.8%	9. Garment (used)	275	1.7%	71.8%
10. ISO tank	1,131	2.0%	38.8%	10. Electric wire	267	1.6%	73.5%
Total	56,602	100.0%	-	Total	16,227	100.0%	-

FY2016 (October 2015 – September 2016)							
Export	B mil.	Share	Cumulative share	Import	B mil.	Share	Cumulative share
1. Motorcycle engines	3,571	6.3%	6.3%	1. Tapioca	6,975	43.5%	43.5%
2. Cars	3,378	5.9%	12.2%	2. Camera components	1,539	9.6%	53.0%
3. Motorcycle parts	3,371	5.9%	18.1%	3. ISO tank	1,151	7.2%	60.2%
4. Harvesting machinery	3,245	5.7%	23.8%	4. Motor components	813	5.1%	65.3%
5. Tractor	2,181	3.8%	27.6%	5. Dog feed	753	4.7%	70.0%
6. Cement	1,971	3.5%	31.0%	6. Aluminium scraps	539	3.4%	73.3%
7. Plastic products	1,412	2.5%	33.5%	7. Electric wire	467	2.9%	76.2%
8. Live pigs	1,320	2.3%	35.8%	8. Garment (used)	301	1.9%	78.1%
9. ISO tank	1,290	2.3%	38.1%	9. Copper scraps	263	1.6%	79.8%
10. Beverage	1,171	2.1%	40.1%	10. Soybean grain	243	1.5%	81.3%
Total	57,073	100.0%	-	Total	16,050	100.0%	-

Source: Banomyong (2020), based on the data provided by Aranyaprathet Customs House.

The dilemma is similar to that of the East–West Economic Corridor (EWEC). EWEC extends 1,320 km as a continuous land route between the Andaman Sea in the Indian Ocean and the South China Sea. The provinces bordering the corridor are as follows: Da Nang, Dong Ha, Thua Thien

Hue, and Quang Tri in Viet Nam; Dansavanh and Savannakhet in the Lao PDR; Mukdahan, Kuchinarai, Kalasin, Khon Kaen, Phitsanulok, Mae Sot, and Tak in Thailand; and Kayin and Mon in Myanmar. The notable geographic characteristics of the EWEC are as follows:

- **Commercial nodes:** It links important commercial nodes in each member country: (i) Mawlamyine–Myawaddy in Myanmar, (ii) Mae Sot–Phitsanulok–Khon Kaen–Kalasin–Mukdahan in Thailand, (iii) Savannakhet–Dansavanh in the Lao PDR, and (iv) Lao Bao–Dong Ha–Hue – Da Nang in Viet Nam.
- **Border nodes:** It contains the border nodes (checkpoints) of Myawaddy–Mae Sot between Myanmar and Thailand, Mukdahan–Savannakhet between Thailand and Lao PDR, and Dansavanh–Lao Bao between the Lao PDR and Viet Nam.

The natural conduit for the extension of the TLH should be the EWEC, even though there is no through traffic via this corridor as there is some institutional complementarity and the Cross Border Transport Agreement (CBTA) can be used as a reference template for negotiating cross-border transport with India.

## **2.7. Trade Connectivity with Cambodia, the Lao PDR, and Viet Nam**

This subsection illustrates the recent international trade of Cambodia, the Lao PDR, and Viet Nam, with special attention to the development of trade connectivity with India, Myanmar, and Thailand. As discussed above, Myanmar’s exports and imports have grown more rapidly than those of India and Thailand, with CAGRs of 8.2% and 18.8% respectively. During the same period of time, Cambodia, the Lao PDR, and Viet Nam have achieved significantly higher export growth than Myanmar, with CAGRs of 16.2%, 14.9%, and 16.4%, respectively, while import growth has been more or less comparable to Myanmar.

### **(1) Cambodia**

Cambodia’s exports grew at a CAGR of 16.2% from US\$3,826 million in 2010 to US\$12,700 million in 2018 (Table 2.25). A large part (44.0%) of this rapid growth can be explained by exports to the European Union (EU), followed by the United States (12.8%) and Japan (11.1%), taking advantage of preferential access to these markets under the Generalized Scheme of Preferences. The

combined shares of these advanced countries stood at 70.5% in 2018. As a result of an even higher CAGR (38.2%), China became the fourth-largest export market for Cambodia by 2018.

**Table 2.25. International Trade of Cambodia**

Export	2010		2015		2018		2010 → 2018	
	US\$ k.	Share	US\$ k.	Share	US\$ k.	Share	CAGR	Contrib.
<b>Total</b>	<b>3,825,903</b>	<b>100.0%</b>	<b>8,557,669</b>	<b>100.0%</b>	<b>12,700,280</b>	<b>100.0%</b>	<b>16.2%</b>	<b>100.0%</b>
EU	935,334	24.4%	3,319,533	38.8%	4,839,458	38.1%	22.8%	44.0%
United States	1,909,611	49.9%	2,156,086	25.2%	3,044,326	24.0%	6.0%	12.8%
Japan	89,858	2.3%	576,748	6.7%	1,076,252	8.5%	36.4%	11.1%
China	64,414	1.7%	431,927	5.0%	858,736	6.8%	38.2%	9.0%
Viet Nam	114,463	3.0%	179,786	2.1%	361,816	2.8%	15.5%	2.8%
Thailand	149,242	3.9%	273,562	3.2%	313,441	2.5%	9.7%	1.9%
Rest of ASEAN	48,892	1.3%	229,864	2.7%	269,184	2.1%	23.8%	2.5%
Republic of Korea	23,162	0.6%	141,205	1.7%	200,163	1.6%	30.9%	2.0%
India	8,066	0.2%	9,997	0.1%	50,120	0.4%	25.7%	0.5%
Lao PDR	881	0.0%	5,305	0.1%	7,370	0.1%	30.4%	0.1%
Myanmar	2	0.0%	979	0.0%	2,870	0.0%	146.2%	0.0%
Rest of the world	481,977	12.6%	1,232,677	14.4%	1,676,543	13.2%	16.9%	13.5%

Import	2010		2015		2018		2010 → 2018	
	US\$ k.	Share	US\$ k.	Share	US\$ k.	Share	CAGR	Contrib.
<b>Total</b>	<b>4,775,283</b>	<b>100.0%</b>	<b>11,797,338</b>	<b>100.0%</b>	<b>17,490,016</b>	<b>100.0%</b>	<b>17.6%</b>	<b>100.0%</b>
China	1,153,601	24.2%	3,954,974	33.5%	6,139,573	35.1%	23.2%	39.2%
Thailand	686,805	14.4%	2,040,294	17.3%	3,222,089	18.4%	21.3%	19.9%
Viet Nam	488,075	10.2%	1,359,126	11.5%	2,220,968	12.7%	20.9%	13.6%
Rest of ASEAN	499,579	10.5%	1,253,740	10.6%	1,578,894	9.0%	15.5%	8.5%
Japan	137,350	2.9%	419,834	3.6%	736,444	4.2%	23.4%	4.7%
EU	145,050	3.0%	375,003	3.2%	722,247	4.1%	22.2%	4.5%
Republic of Korea	231,815	4.9%	465,473	3.9%	563,879	3.2%	11.8%	2.6%
United States	111,807	2.3%	217,933	1.8%	266,079	1.5%	11.4%	1.2%
India	52,572	1.1%	116,114	1.0%	155,553	0.9%	14.5%	0.8%
Myanmar	52	0.0%	3,706	0.0%	7,198	0.0%	85.2%	0.1%
Lao PDR	1,504	0.0%	20,468	0.2%	1,694	0.0%	1.5%	0.0%
Rest of the world	1,267,072	26.5%	1,570,674	13.3%	1,875,399	10.7%	5.0%	4.8%

Source: ASEANStats.

Despite their adjacency, Cambodia's exports to Thailand grew at a lower CAGR of 9.7% than for total exports, resulting in a decrease in the share from 3.9% in 2010 to 2.5% in 2018. Cambodia's export to India and Myanmar increased faster, with CAGRs of 25.7% and 146.2% respectively,

but the shares in total exports were still very limited at 0.5% and 0.02%, respectively, in 2018.

Cambodia's imports grew at a CAGR of 17.6%, slightly higher than for exports, from US\$4,775 million in 2010 to US\$17,490 million in 2018 (Table 2.25). As a result, trade deficits expanded significantly from US\$949 million in 2010 to US\$4,790 million in 2018. The contributors of this rapid import growth are different from those in the case of exports. The combined contribution rates of the top-three origins of Cambodia's imports, namely China, Thailand, and Viet Nam, stands at 72.8%. The contribution rates of the EU, the United States, and Japan are only 4.5%, 1.2%, and 4.7%, respectively. As a result, Cambodia expanded its trade surplus vis-à-vis EU, the United States, and Japan, while piling up trade deficits vis-à-vis China, Thailand, and Viet Nam. The shares of India and Myanmar are very limited in Cambodia's imports, at -0.9% and 0.04%, respectively, in 2018.

## **(2) Lao PDR**

The Lao PDR's exports grew at a CAGR of 14.9% from US\$1,909 million in 2010 to US\$5,815 million in 2018 (Table 2.26). Different from Cambodia, nearly all of this rapid export growth was achieved from exports to Thailand, China, and Viet Nam, with a combined contribution rate of 98.9%. As a result, the shares of these top-three export destinations for the Lao PDR were 48.2%, 26.6%, and 15.2% in 2018, which add up to 90.0%, clearly indicating the heavy dependence of the Lao PDR's exports to these three countries. In contrast to Cambodia, the shares of the EU, the United States, and Japan were only 2.2%, 0.5%, and 1.5%, respectively, in 2018. Although the share of India in the Lao PDR's exports was still only 2.2% in 2018, it has been rapidly increasing at a CAGR of 156.3% since 2010. Regardless of being one of its five adjacent countries, the Lao PDR's exports to Myanmar have been very limited (0.01% in 2018) and the growth has also been stagnant.

The Lao PDR's imports also depend heavily on Thailand, China, and Viet Nam. Most (84.2%) of the CAGR of 15.6% between 2010 and 2018 can be explained by the increase in imports from these three countries. The shares of Thailand, China, and Viet Nam in the Lao PDR's total imports were 53.1%, 21.9%, and 10.4%, which add up to 85.4%. Although imports from India and Myanmar are still very limited, they have been growing at CAGRs slightly higher than the total imports.

**Table 2.26. International Trade of the Lao PDR**

Export	2010		2015		2018		2010 → 2018	
	US\$ k.	Share	US\$ k.	Share	US\$ k.	Share	CAGR	Contrib.
<b>Total</b>	<b>1,908,745</b>	<b>100.0%</b>	<b>2,985,098</b>	<b>100.0%</b>	<b>5,814,806</b>	<b>100.0%</b>	<b>14.9%</b>	<b>100.0%</b>
Thailand	1,022,056	53.5%	1,008,077	33.8%	2,802,098	48.2%	13.4%	45.6%
China	222,832	11.7%	1,039,451	34.8%	1,546,520	26.6%	27.4%	33.9%
Viet Nam	124,310	6.5%	537,773	18.0%	885,344	15.2%	27.8%	19.5%
EU	152,238	8.0%	196,811	6.6%	190,659	3.3%	2.9%	1.0%
India	69	0.0%	33,037	1.1%	128,765	2.2%	156.3%	3.3%
Japan	26,855	1.4%	49,625	1.7%	86,363	1.5%	15.7%	1.5%
Rest of ASEAN	2,917	0.2%	14,507	0.5%	31,027	0.5%	34.4%	0.7%
United States	38,705	2.0%	23,729	0.8%	26,851	0.5%	-4.5%	-0.3%
Cambodia	2,227	0.1%	17,352	0.6%	7,028	0.1%	15.4%	0.1%
Republic of Korea	793	0.0%	6,366	0.2%	4,461	0.1%	24.1%	0.1%
Myanmar	323	0.0%	294	0.0%	613	0.0%	8.3%	0.0%
Rest of the world	315,418	16.5%	58,076	1.9%	105,075	1.8%	-12.8%	-5.4%

Import	2010		2015		2018		2010 → 2018	
	US\$ k.	Share	US\$ k.	Share	US\$ k.	Share	CAGR	Contrib.
<b>Total</b>	<b>1,836,634</b>	<b>100.0%</b>	<b>3,778,392</b>	<b>100.0%</b>	<b>5,848,036</b>	<b>100.0%</b>	<b>15.6%</b>	<b>100.0%</b>
Thailand	1,319,617	71.8%	2,222,616	58.8%	3,103,806	53.1%	11.3%	44.5%
China	179,722	9.8%	713,284	18.9%	1,283,616	21.9%	27.9%	27.5%
Viet Nam	120,700	6.6%	526,526	13.9%	608,366	10.4%	22.4%	12.2%
Japan	32,626	1.8%	72,127	1.9%	125,405	2.1%	18.3%	2.3%
EU	14,148	0.8%	57,500	1.5%	110,687	1.9%	29.3%	2.4%
Rest of ASEAN	47,345	2.6%	29,224	0.8%	107,974	1.8%	10.9%	1.5%
Republic of Korea	19,182	1.0%	48,446	1.3%	67,021	1.1%	16.9%	1.2%
India	6,249	0.3%	14,188	0.4%	25,960	0.4%	19.5%	0.5%
United States	4,224	0.2%	19,657	0.5%	21,610	0.4%	22.6%	0.4%
Cambodia	44	0.0%	487	0.0%	415	0.0%	32.5%	0.0%
Myanmar	35	0.0%	1	0.0%	189	0.0%	23.7%	0.0%
Rest of the world	92,743	5.0%	74,335	2.0%	392,988	6.7%	19.8%	7.5%

Source: ASEANStats.

Being a landlocked country, border trade is highly important for the Lao PDR. Table 2.27 shows the Lao PDR's border trade with China, Thailand, and Viet Nam.<sup>27</sup> It should be noted that Xieng Kok in Luang Namtha Province, bordering Keng Lap in Shan State of Myanmar via the Lao PDR–Myanmar Friendship Bridge, is not listed in Table 2.27. Xieng Kok is viewed as the entry point from Myanmar for the northern route of the eastward extension of the TLH (Figure 1-1). Furthermore, the quality of the data requires special caution as indicated in Table 2.28, which points to possible discrepancies by comparing the data in Tables 2.26 and 2.27. For example, the sum of the Lao PDR's exports to Viet Nam through border checkpoints facing Viet Nam (US\$1,603 million based on Table 2.27) is significantly more than the total trade to Viet Nam at the national level (US\$885 million based on Table 2.26). Even with this statistical problem, it is clear that the Lao PDR's border trade with Viet Nam at the Pang Hok–Tay Trang border, which is another border checkpoint along the northern route of eastward extension of the TLH, is still very limited.

**Table 2.27. Border Trade of the Lao PDR (2018)**

Lao PDR		Counterpart		Export		Import	
Check point	Province	Check point	Country	US\$ k.	Share	US\$ k.	Share
Boten	Luang Namtha	Mohan	China	278,641	7.3%	871,883	15.5%
Savan-Seno SEZ	Savannakhet	Mukdahan	Thailand	980,083	25.7%	565,730	10.1%
Thanaleng (FB1)	Vientiane Capital	Nong Khai	Thailand	555,089	14.5%	1,726,649	30.7%
Vang Tao	Champasek	Chong Mek	Thailand	162,193	4.2%	315,799	5.6%
Thakhek (FB3)	Khammouna	Nakhon Phanom	Thailand	99,250	2.6%	393,052	7.0%
Mukdahan (FB2)	Savanakhet	Mukdahan	Thailand	87,099	2.3%	260,753	4.6%
Nam Heuang	Xayabouli	Tha Li	Thailand	19,115	0.5%	221,859	3.9%
Nam Ngeun	Xayabouli	Huai Kon	Thailand	17,199	0.5%	159,545	2.8%
Huayxay (FB4)	Bokeo	Chiang Khong	Thailand	10,907	0.3%	107,872	1.9%
Paksan	Bolikhamsay	Bungkan	Thailand	5,172	0.1%	136,603	2.4%
Phoudou	Xayabouli	Uttaradit	Thailand	2,091	0.1%	61,676	1.1%
Na pao	Khammouan	Cha Lo	Viet Nam	804,164	21.1%	66,589	1.2%
Dansavan	Savanakhet	Lao Bao	Viet Nam	347,891	9.1%	196,370	3.5%
Nam phao	Bolikhamsay	Cau Treo	Viet Nam	316,773	8.3%	422,182	7.5%
Phoukeua	Attapue	Bo Y	Viet Nam	116,531	3.1%	68,670	1.2%
Nam Khan	Xiengkhouang	Nam Can	Viet Nam	9,607	0.3%	25,831	0.5%
Nam soy	Huaphan	Na Meo	Viet Nam	3,343	0.1%	7,590	0.1%
Pang Hok	Phongsaly	Tay Trang	Viet Nam	2,817	0.1%	15,994	0.3%
Ban Mone	Phongsaly		Viet Nam	1,349	0.0%	2,497	0.0%
<b>Total:</b>				<b>3,819,316</b>	<b>100.0%</b>	<b>5,627,146</b>	<b>100.0%</b>

Note: 'FB' in checkpoints in the Lao PDR means Friendship Bridges. Currently, four Friendship Bridges are in use to connect the Lao PDR to Thailand across the Mekong River.

Source: Department of Import and Export, Ministry of Industry and Commerce.

<sup>27</sup> Table 2.27 covers most of the international border checkpoints, but is not a comprehensive list of international border gates, and also includes international airports in Vientiane, Luang Prabang, Savannakhet, and Pakse. Other international border checkpoints that are not listed in Table 2.27 include Lantouy (Phongsaly) bordering China, Veun Kham (Champasak) bordering Cambodia, Lalay (Salavan) bordering Viet Nam, and so on.

**Table 2.28. Statistical Discrepancy in Trade Statistics of the Lao PDR**

	Export (US\$ k.)			Import (US\$ k.)		
	Total	Border	Ratio	Total	Border	Ratio
Thailand	2,802,098	1,938,199	69.2%	3,103,806	3,949,539	127.2%
China	1,546,520	278,641	18.0%	1,283,616	871,883	67.9%
Viet Nam	885,344	1,602,476	181.0%	608,366	805,723	132.4%
<b>Total</b>	<b>5,814,806</b>	<b>3,819,316</b>	<b>65.7%</b>	<b>5,848,036</b>	<b>5,627,146</b>	<b>96.2%</b>

Source: Tables 2.26 and 2.28.

### (3) Viet Nam

As the new member states of to ASEAN, Cambodia, the Lao PDR, Myanmar, and Viet Nam have often been treated as a subgroup of ASEAN, under the name of CLMV. However, Viet Nam has in fact been significantly ahead of the other three countries in many respects. The size of Viet Nam's international trade, in terms of the sum of exports and imports, was 15.9 times, 41.2 times, and 13.3 times larger in 2018 than the comparable figures for Cambodia, the Lao PDR, and Myanmar, respectively.<sup>28</sup>

Viet Nam's exports grew at a CAGR of 16.4%, from US\$72,237 million in 2010 to US\$243,699 million in 2018 (Table 2.29). This rapid export growth was sustained mainly by exports to three major destinations, namely the United States, the EU, and China, with a combined contribution rate of 57.1%. The shares of these three destinations in 2018 were 19.5%, 17.2%, and 17.0%, which add up to 53.7%. Although the shares of India, Thailand, and Myanmar were still only 2.7%, 2.2%, and 0.3% in 2018, Viet Nam's exports to these three countries has been increasing, with CAGRs of 26.6%, 20.5%, and 39.4%, respectively, which are significantly higher than the CAGR for total exports.

<sup>28</sup> Computed based on the data in Tables 2.3, 2.4, 2.23, 2.24, and 2.25.

**Table 2.29. International Trade of Viet Nam**

Export	2010		2015		2018		2010 → 2018	
	US\$ k.	Share	US\$ k.	Share	US\$ k.	Share	CAGR	Contrib.
<b>Total</b>	<b>72,236,663</b>	<b>100.0%</b>	<b>162,013,852</b>	<b>100.0%</b>	<b>243,698,700</b>	<b>100.0%</b>	<b>16.4%</b>	<b>100.0%</b>
United States	14,238,131	19.7%	33,491,224	20.7%	47,529,730	19.5%	16.3%	19.4%
EU	11,402,247	15.8%	30,967,477	19.1%	41,911,307	17.2%	17.7%	17.8%
China	7,308,800	10.1%	16,645,679	10.3%	41,366,459	17.0%	24.2%	19.9%
Japan	7,727,660	10.7%	14,144,373	8.7%	18,833,675	7.7%	11.8%	6.5%
Republic of Korea	3,092,225	4.3%	8,937,238	5.5%	18,240,595	7.5%	24.8%	8.8%
Rest of ASEAN	7,368,487	10.2%	11,591,965	7.2%	14,277,604	5.9%	8.6%	4.0%
India	991,630	1.4%	2,474,806	1.5%	6,543,814	2.7%	26.6%	3.2%
Thailand	1,182,842	1.6%	3,147,515	1.9%	5,267,504	2.2%	20.5%	2.4%
Cambodia	1,551,666	2.1%	2,410,731	1.5%	3,791,860	1.6%	11.8%	1.3%
Myanmar	49,521	0.1%	378,746	0.2%	702,070	0.3%	39.3%	0.4%
Lao PDR	198,432	0.3%	534,751	0.3%	595,203	0.2%	14.7%	0.2%
Rest of the world	17,125,021	23.7%	37,289,345	23.0%	44,638,881	18.3%	12.7%	16.0%

Import	2010		2015		2018		2010 → 2018	
	US\$ k.	Share	US\$ k.	Share	US\$ k.	Share	CAGR	Contrib.
<b>Total</b>	<b>84,838,552</b>	<b>100.0%</b>	<b>165,729,898</b>	<b>100.0%</b>	<b>236,868,856</b>	<b>100.0%</b>	<b>13.7%</b>	<b>100.0%</b>
China	20,018,827	23.6%	49,558,231	29.9%	65,516,168	27.7%	16.0%	29.9%
Republic of Korea	9,761,342	11.5%	27,591,807	16.6%	47,582,218	20.1%	21.9%	24.9%
Japan	9,016,085	10.6%	14,354,589	8.7%	19,040,861	8.0%	9.8%	6.6%
Rest of ASEAN	10,134,045	11.9%	13,955,202	8.4%	18,207,117	7.7%	7.6%	5.3%
EU	6,423,240	7.6%	10,221,364	6.2%	13,884,046	5.9%	10.1%	4.9%
United States	3,766,911	4.4%	7,796,740	4.7%	12,747,327	5.4%	16.5%	5.9%
Thailand	5,602,281	6.6%	8,282,608	5.0%	12,042,819	5.1%	10.0%	4.2%
India	1,762,034	2.1%	2,643,465	1.6%	4,147,018	1.8%	11.3%	1.6%
Cambodia	276,623	0.3%	947,490	0.6%	968,799	0.4%	17.0%	0.5%
Lao PDR	291,747	0.3%	585,881	0.4%	436,716	0.2%	5.2%	0.1%
Myanmar	102,824	0.1%	56,223	0.0%	157,812	0.1%	5.5%	0.0%
Rest of the world	17,682,592	20.8%	29,736,297	17.9%	42,137,955	17.8%	11.5%	16.1%

Source: ASEANStats.

On the import side, China is the largest origin country, with a share of 27.7% in 2018, followed by the Republic of Korea (hereafter, Korea) (20.1%) and Japan (8.0%). More than half (54.8%) of the import growth between 2010 and 2018 can be explained by the increase in imports from the top-two origin countries, namely China and Korea. The shares of the United States and EU were only 5.4% and 5.9%, respectively. Viet Nam's imports from Thailand, India, and Myanmar grew

at CAGRs of 10.0%, 11.3%, and 5.5%, respectively, all of which were lower than the CAGR of total imports. As a result, the combined share of these three countries decreased from 8.8% in 2010 to 6.9% in 2018.

Thanks to the bilateral border trade agreement between Lao PDR and Viet Nam signed on 27 June 2015, cross-border trade between the two countries has expanded at a rapid pace over the past four years. According to the latest data of the General Department of Vietnam Customs (2020), bilateral trade, which is effectively cross-border trade, between the Lao PDR and Viet Nam reached nearly US\$1,163 million in 2019, which is 2.4 times higher than that in 2010. However, the share of the Lao PDR in Viet Nam's total trade made up for merely 0.22%. This ratio has stayed quite stable at around 0.21%–0.23% in the past few years. In general, Viet Nam has had a high trade surplus with the Lao PDR over the years, but this situation has varied across border check points. Particularly, Viet Nam's trade deficit with the Lao PDR can be observed at the Bo Y–Phoukeua and Cha Lo–Na Phao border check points, while the rest have a trade surplus.

International border crossing points play a crucial role in cross-border trade between Lao PDR and Viet Nam. In recent years, trade via international border gates has accounted for the vast majority (more than 99%) of Viet Nam's total export-import turnover to and from the Lao PDR (Table 2.30). The major export commodities from Viet Nam to the Lao PDR are steel, iron, fruits, vegetables, petroleum products, and vehicles, while major import commodities from the Lao PDR to Viet Nam are rubber, timber, and fertiliser (General Department of Vietnam Customs, 2020a–b).

Amongst the eight international border check points, Cau Treo–Nam Phao and Lao Bao–Dansavanh are the most vibrant border gates in terms of export activities with the highest proportion of Viet Nam's total export turnover to the Lao PDR (38.3% and 31.2%, respectively, in 2018), while Bo Y–Phoukeua and Cha Lo–Na Phao are the most active border gates in terms of import activities with the highest proportion of Vietnam's total import turnover from the Lao PDR (31.7% and 26.2%, respectively, in 2018). At the same time, export and import values via the Tay Trang–Pang Hok international border check point accounted for only 2.9% and 0.7% of Viet Nam's total export and import value in 2018. Viet Nam's import value via the Tay Trang–Pang Hok border gate had the lowest ranking amongst eight international gates.

**Table 2.30. Viet Nam's Border Trade with the Lao PDR**

		2016				2017				2018			
		Export	Share	Import	Share	Export	Share	Import	Share	Export	Share	Import	Share
<b>Viet Nam - Lao PDR Trade through International Border Check Points</b>													
Viet Nam	Lao PDR	US\$ k.	%										
Bo Y	Phoukeua	53,198	11.9	81,565	29.1	48,239	9.6	82,536	26.8	39,949	6.9	108,841	31.7
Cau Treo	Nam Phao	173,343	38.9	36,804	13.1	213,759	42.6	39,848	12.9	221,082	38.4	36,177	10.5
Cha Lo	Na Phao	51,838	11.6	87,519	31.2	54,373	10.8	88,466	28.7	49,042	8.5	90,018	26.2
Lao Bao	Dansavanh	101,567	22.8	35,175	12.5	110,814	22.1	71,340	23.2	180,027	31.2	68,105	19.8
La Lay	Lalay	19,613	4.4	22,688	8.1	23,609	4.7	17,989	5.8	30,323	5.3	28,700	8.4
Nam Can	Namkan	21,159	4.7	2,259	0.8	22,990	4.6	1,474	0.5	29,618	5.1	3,007	0.9
Tay Trang	Pang Hok	14,629	3.3	842	0.3	14,759	2.9	325	0.1	16,615	2.9	2,535	0.7
Na Meo	Nam Soy	9,924	2.2	6,496	2.3	9,668	1.9	5,186	1.7	6,530	1.1	4,763	1.4
<b>Sub-total</b>		<b>445,270</b>	<b>99.8</b>	<b>273,348</b>	<b>97.5</b>	<b>498,211</b>	<b>99.2</b>	<b>307,164</b>	<b>99.7</b>	<b>573,187</b>	<b>99.5</b>	<b>342,147</b>	<b>99.7</b>
<b>Viet Nam - Lao PDR Trade through National Border Check Points</b>													
Nam Giang	Daktaoknoy	372	0.1	3,503	1.2	3,558	0.7	357	0.1	2,419	0.4	444	0.1
Huoi Puoc	Nason	353	0.1	226	0.1	277	0.1	123	0.0	37	0.0	449	0.1
Chieng Khuon	Bandan	110	0.0	22	0.0	58	0.0	-	-	392	0.1	21	0.0
A Dot	Ta Vang	16	0.0	35	0.0	74	0.0	-	-	86	0.0	-	-
Hong Van	Cutai	-	-	203	0.1	-	-	-	-	-	-	-	-
Long Sap	Pahang	-	-	-	-	-	-	-	-	-	-	2	0.0
Thong Thu	Namtay	-	-	1,384	0.5	-	-	165	0.1	-	-	136	0.0
Thanh Thuy	Nam On	-	-	36	0.0	-	-	18	0.0	-	-	32	0.0
Cao Veu	Thoong Phila	-	-	-	-	-	-	4	0.0	-	-	11	0.0
Na Cai	Sop Dung	-	-	487	0.2	-	-	19	0.0	-	-	11	0.0
Tay Giang	Kaleum	-	-	-	-	-	-	-	-	-	-	50	0.0
Ca Roong	Nong Ma	-	-	1,168	0.4	-	-	198	0.1	6	0.0	-	-
<b>Sub-total</b>		<b>852</b>	<b>0.2</b>	<b>7,064</b>	<b>2.5</b>	<b>3,967</b>	<b>0.8</b>	<b>883</b>	<b>0.3</b>	<b>2,940</b>	<b>0.5</b>	<b>1,155</b>	<b>0.3</b>
<b>Total</b>		<b>446,122</b>	<b>100.0</b>	<b>280,412</b>	<b>100.0</b>	<b>502,178</b>	<b>100.0</b>	<b>308,047</b>	<b>100.0</b>	<b>576,126</b>	<b>100.0</b>	<b>343,302</b>	<b>100.0</b>

Source: Data provided by the General Department of Vietnam Customs during an interview on 17 December 2019.

According to statistics from the Tay Trang Customs Sub-Department,<sup>29</sup> despite limited export–import volume and value, trade relations between Viet Nam and the Lao PDR via the Tay Trang–Pang Hok border gate has recently been expanding. For example, the trade value between Viet Nam and the Lao PDR via the Tay Trang–Pang Hok border gate in 2018 nearly doubled that of 2017, and it is estimated that the figure in 2019 would double that of 2018.

The major export commodities are construction materials, such as stone, cement, and steel (for China's hydropower and road construction projects in the Lao PDR), agricultural products (paddy rice) and temporarily import and re-export goods (via the Lao PDR to China, mainly through Phongsaly and Kham). Especially since early 2019, there are newly exported commodities,

<sup>29</sup> Based on an interview by the MSR on 9 December 2019.

namely durian and sweet potatoes from the southern provinces of Viet Nam, which are transited via the northern provinces of the Lao PDR to China. Trucks with exported durian are permitted to go straight through without transshipment, whereas trucks with exported sweet potatoes are required to be transhipped. Cargos are exported and transited via the Lao PDR to China only, not to Thailand or Myanmar. The major import commodities are mainly forestry goods, especially *Thysanolaena* (to make brooms).

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**Appendix Table 2.1. HS Code (2-digit)**

HS	Description
<b>Part 1. Animal &amp; Animal Products</b>	
01	Live Animals
02	Meat & Edible Meat offal
03	Fish & Crustaceans, Molluscs & Other Aquatic Invertebrates
04	Dairy Produce; Birds' Eggs; Natural Honey; Edible Products of Animal origin, Nesoi
05	Products of Animal origin, Nesoi
<b>Part 2. Vegetable Products</b>	
06	Live Trees & Other Plants; Bulbs, Roots & The Like; Cut Flowers & ornamental Foliage
07	Edible Vegetables & Certain Roots & Tubers
08	Edible Fruit & Nuts; Peel of Citrus Fruit or Melons
09	Coffee, Tea, Mate & Spices
10	Cereals
11	Milling Industry Products; Malt; Starches; Inulin; Wheat Gluten
12	Oil Seeds & Oleaginous Fruits; Miscellaneous Grains, Seeds & Fruits; Industrial or Medicinal Plants; Straw & Fodder
13	Lac; Gums; Resins & Other Vegetable Saps & Extracts
14	Vegetable Plaiting Materials & Vegetable Products, Nesoi
15	Animal or Vegetable Fats & Oils & Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes
<b>Part 3. Foodstuffs</b>	
16	Edible Preparations of Meat, Fish, Crustaceans, Molluscs or Other Aquatic Invertebrates
17	Sugars & Sugar Confectionary
18	Cocoa & Cocoa Preparations
19	Preparations of Cereals, Flour, Starch or Milk; Bakers' Wares
20	Preparations of Vegetables, Fruit, Nuts, or Other Parts of Plants
21	Miscellaneous Edible Preparations
22	Beverages, Spirits & Vinegar
23	Residues & Waste From The Food Industries; Prepared Animal Feed
24	Tobacco & Manufactured Tobacco Substitutes
<b>Part 4. Mineral Products</b>	
25	Salt; Sulfur; Earths & Stone; Plastering Materials, Lime & Cement
26	ores, Slag & Ash
27	Mineral Fuels, Mineral Oils & Products of Their Distillation; Bituminous Substances; Mineral Waxes
<b>Part 5. Chemicals &amp; Allied Industries</b>	
28	Inorganic Chemicals; organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements or of Isotopes
29	Organic Chemicals
30	Pharmaceutical Products
31	Fertilizers
32	Tanning or Dyeing Extracts; Tannins & Derivatives; Dyes, Pigments & Other Coloring Matter; Paints & Varnishes; Putty & Other Mastics; Inks
33	Essential Oils & Resinoids; Perfumery, Cosmetic or Toilet Preparations
34	Soap Etc.; Lubricating Products; Waxes, Polishing or Scouring Products; C&les Etc., Modeling Pastes; Dental Waxes & Dental Plaster Preparations
35	Albuminoidal Substances; Modified Starches; Glues; Enzymes
36	Explosives; Pyrotechnic Products; Matches; Pyrophoric Alloys; Certain Combustible Preparations
37	Photographic or Cinematographic Goods
38	Miscellaneous Chemical Products
<b>Part 6. Plastics &amp; Rubbers</b>	
39	Plastics & Articles Thereof
40	Rubber & Articles Thereof
<b>Part 7. Raw Hides, Skins, Leather, &amp; Furs</b>	
41	Raw Hides & Skins (Other Than Furskins) & Leather
42	Articles of Leather; Saddlery & Harness; Travel Goods, H&bags & Similar Containers; Articles of Gut (Other Than Silkworm Gut)

<b>Part 8. Wood &amp; Wood Products</b>	
44	Wood & Articles of Wood; Wood Charcoal
45	Cork & Articles of Cork
46	Manufactures of Straw, Esparto or Other Plaiting Materials; Basketware & Wickerwork
48	Paper & Paperboard; Articles of Paper Pulp, Paper or Paperboard
49	Printed Books, Newspapers, Pictures & Other Printed Products; Manuscripts, Typescripts & Plans
<b>Part 9. Textiles</b>	
50	Silk, Including Yarns & Woven Fabrics Thereof
51	Wool & Fine or Coarse Animal Hair, Including Yarns & Woven Fabrics Thereof; Horsehair Yarn & Woven Fabric
52	Cotton, Including Yarns & Woven Fabrics Thereof
53	Vegetable Textile Fibers Nesoi; Yarns & Woven Fabrics of Vegetable Textile Fibers Nesoi & Paper
54	Manmade Filaments, Including Yarns & Woven Fabrics Thereof
55	Manmade Staple Fibers, Including Yarns & Woven Fabrics Thereof
56	Wadding, Felt & Nonwovens; Special Yarns; Twine, Cordage, Ropes & Cables & Articles Thereof
57	Carpets & Other Textile Floor Coverings
58	Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery
59	Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles Suitable For Industrial Use
60	Knitted or Crocheted Fabrics
61	Articles of Apparel & Clothing Accessories, Knitted or Crocheted
62	Articles of Apparel & Clothing Accessories, Not Knitted or Crocheted
63	Made-Up Textile Articles Nesoi; Needlecraft Sets; Worn Clothing & Worn Textile Articles; Rags
<b>Part 10. Footwear &amp; Headgear</b>	
64	Footwear, Gaiters & The Like; Parts of Such Articles
65	Headgear & Parts Thereof
66	Umbrellas, Sun Umbrellas, Walking-Sticks, Seat-Sticks, Whips, Riding-Crops & Parts Thereof
67	Prepared Feathers & Down & Articles Thereof; Artificial Flowers; Articles of Human Hair
<b>Part 11. Stone &amp; Glass</b>	
68	Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials
69	Ceramic Products
70	Glass & Glassware
71	Natural or Cultured Pearls, Precious or Semiprecious Stones, Precious Metals; Precious Metal Clad Metals, Articles Thereof; Imitation Jewelry; Coin
<b>Part 12. Metals</b>	
72	Iron & Steel
73	Articles of Iron or Steel
74	Copper & Articles Thereof
75	Nickel & Articles Thereof
76	Aluminum & Articles Thereof
78	Lead & Articles Thereof
79	Zinc & Articles Thereof
80	Tin & Articles Thereof
81	Base Metals Nesoi; Cermets; Articles Thereof
82	Tools, Implements, Cutlery, Spoons & Forks, of Base Metal; Parts Thereof of Base Metal
83	Miscellaneous Articles of Base Metal
<b>Part 13. Machinery &amp; Electrical Machinery</b>	
84	Nuclear Reactors, Boilers, Machinery & Mechanical Appliances; Parts Thereof
85	Electrical Machinery & Equipment & Parts Thereof; Sound Recorders & Reproducers, Television Recorders & Reproducers, Parts & Accessories
<b>Part 14. Transport Equipments</b>	
86	Railway or Tramway Locomotives, Rolling Stock, Track Fixtures & Fittings, & Parts Thereof; Mechanical Etc. Traffic Signal Equipment of All Kinds
87	Vehicles, Other Than Railway or Tramway Rolling Stock, & Parts & Accessories Thereof
88	Aircraft, Spacecraft, & Parts Thereof
89	Ships, Boats & Floating Structures

<b>Part 15. Miscellaneous Products</b>	
90	Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments & Apparatus; Parts & Accessories Thereof
91	Clocks & Watches & Parts Thereof
92	Musical Instruments; Parts & Accessories Thereof
93	Arms & Ammunition; Parts & Accessories Thereof
94	Furniture; Bedding, Cushions Etc.; Lamps & Lighting Fittings Nesoi; Illuminated Signs, Nameplates & The Like; Prefabricated Buildings
95	Toys, Games & Sports Equipment; Parts & Accessories Thereof
96	Miscellaneous Manufactured Articles
97	Works of Art, Collectors' Pieces & Antiques
98	Special Classification Provisions, Nesoi
99	Special Reporting Provisions, Nesoi