

An Overview of Trade Preferences granted to Myanmar

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Introduction

- Least Developing Countries have been granted preferential tariff treatment in the markets of developed and developing countries under a number of schemes and arrangements.
- Myanmar is eligible for four trade preference schemes:
 - **the Generalized System of Preferences (GSP) Scheme,**
 - **the Preferential Tariffs of the Republic of Korea for Least-Developed Countries,**
 - **the Duty Free Preference Scheme for Least Developed Countries by India and**
 - **the Duty Free Treatment granted by China.**

Myanmar's Signed & Implemented FTAs

No.	FTA	Signature Date	Effective Date
1.	ASEAN Free Trade Area (AFTA)	January 28, 1992.	January 1, 1993.
	ATIGA	February 26, 2009.	July 1, 2010.
2.	ASEAN-China Trade in Goods Agreement (ACFTA)	November 29, 2003.	June 18, 2004.
3.	ASEAN-Korea Trade in Goods Agreement (AKFTA)	August 24, 2006.	June 1, 2007.
4.	ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	April 14, 2008.	December 1, 2008.
5.	ASEAN-Australia, New Zealand Trade in Goods Agreement (AANZFTA)	February 27, 2009.	January 1, 2010.
6.	ASEAN-India Trade in Goods Agreement (AIFTA)	August 13, 2009.	January 1, 2010.

Objectives of GSP Scheme

Adopted in New Delhi in 1968 in the context of UNCTAD II

“the objectives of the generalized, non-reciprocal, non-discriminatory system of preferences in favor of the developing countries, including special measures in favor of the least advanced among developing countries, should be:

- (i) to increase their export earnings*
- (ii) to promote their industrialization*
- (iii) to accelerate their of economic growth.”*

Generalized System of Preferences (GSP)

Preference Giving Countries:

Australia, Belarus, **Canada**, **EU**, Iceland, Japan, New Zealand, **Norway**, Russian Federation, Switzerland, **Turkey** and **United States**

Preference Receiving Countries:

Least Developed Countries and Developing Countries

Eligible Products under GSP Scheme

- ✓ **Manufactured and Semi Manufactured Products**
- ✓ **Agricultural Products**
- ✓ **Handicrafts**

Reinstatement of GSP Schemes for Myanmar

Preference Giving Countries	Effective Date
Norway	1 st January 2012
EU	19 th July 2013 with retroactive application as from 13 th June 2012.
Canada	13 th March 2015
US	13 th November 2016

Comparison across the GSP National Schemes

National GSP Scheme	Japan	EU	US
Beneficiary Status	GSP (LDCs)	EBA	GSP (LDBDC)
Validity	31 st March 2021	31 st Dec 2016	31 st Dec 2017
Product Coverage	98 % of total tariff lines	All products except arms	About 5,000 tariff lines at HS 8-digit
Depth of Tariff Cut	Duty Free Quota Free	Duty Free Quota Free	Duty Free
Administrative Requirements	GSP Form-A	GSP Form-A	No CO required.

- Myanmar exported almost \$ 70 million to the US market in 2015-2016.
- Total GSP-eligible exports from Myanmar were \$16.70 million.
- Eligible items- Pulses & beans, fish, prawn & crabs, rattan ware, handbags, gloves, certain garments (e.g Jackets).
- The GSP schemes are designed to benefit developing and least developed countries to integrate them into the global economy.
- Myanmar is accruing benefits from current GSP Schemes.
- Among the national GSP schemes, the utilization rate is high for Japan and EU.

The Preferential Tariffs of the Republic of Korea for LDCs

- The preferential tariff system of the Republic of Korea, which started in 2000 (80-items), aims to contribute to the economic development and trade expansion of the least-developed countries (LDCs).
- The Government of the Republic of Korea has increased the product coverage since the WTO Ministerial Council in Hong Kong in December 2005.
- At the end of 2007, product coverage was only 1.8 % on the basis of the HS 6-digit classification, but jumped to 75 % in 2008.
- Since then, it has increased every year: to 80 per cent in 2009, 85 per cent in 2010, 90 % in 2011 and finally 95 % in 2012.

The Duty Free Preference Scheme for LDCs by India

- ❑ DFTP Scheme, provided by India, is one of the unilateral market accesses for LDCs.
- ❑ India implemented a unilateral Duty Free Tariff Preference under which preferential market access would be provided for exports from all the least developed countries, including 34 LDCs of Africa.
- ❑ Myanmar submitted to the Government of India a Letter of Intent to participate in DFTP Scheme in 2008.

The Duty Free Preference Scheme for LDCs by India (cont'd)

- In terms of the coverage of products, this Scheme provides preferential market access on 94% of total tariff lines.
- Only 6% of the total tariff lines remain in the Exclusion List on which no preferential duty access would be granted (out of a total of 5052 products at 6-digit HS, there are only 326 products that are outside the scope of tariff concessions).
- Poultry, milk & cream, vegetables like potatoes, tomatoes, onions etc., coconut, coffee, tea, beverages, spirits, some products of iron and steel etc.
- According to the statistics, the utilization rate is very low under this scheme.

Duty-Free Treatment Granted by China

On 1 July 2010, duty-free treatment to LDCs applied to 60 % of China's import tariff lines (i. e 4,762 out of 7,936 tariff lines at HS 8-digit)

On 1 July 2013, China extended the product coverage to 95 % of China's import tariff lines (i. e 7,381 out of 8,243 tariff lines at HS 8-digit)

China announced its decision to increase its duty-free coverage to 97 % by 2015 and implemented on 1 January 2015. (i. e 8,036 out of 8,285 tariff lines at HS 8-digit)

Certain agricultural products are excluded from the concession list.

Rules of Origin

- For products to be eligible for tariff preferences, a product must be originating in the LDC as prescribed under the Rules of Origin.
- The products are classified under two categories-
 - ✓ Wholly produced or obtained in the exporting LDC or
 - ✓ Not wholly produced or obtained i.e. during manufacturing or production of such products, the raw materials or inputs were sourced from any other country.

Origin Criteria

No	Scheme	General Rule
1.	Preferential Tariff for least Developed Countries by Korea	RVC 40 %
2.	Duty Free Tariff Preference Scheme for LDCs from India	RVC 30 % + CTSH
3.	Duty-Free Treatment Granted by China	RVC 40 % or CTH

Checklist: How to benefit from trade preference schemes

- ✓ Step 1: Check the product coverage.
- ✓ Step 2: Identify the correct GSP rate.
- ✓ Step 3: Check the preferential margin.
- ✓ Step 4: Check the origin criteria.
- ✓ Step 5: Check the consignment conditions.
- ✓ Step 6: Prepare documentary evidence.

Sample of GSP Form-A

1. Goods consigned from (Exporter's business name, address, country)		Reference No	
2. Goods consigned to (Consignee's name, address, country)		GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate)	
		FORM A	
3. Means of transport and route (as far as known)		Issued In	
		(country)	
4. For official use		See notes overleaf	
5. Item number	6. Marks and numbers of packages	7. Number and kind of packages, description of goods	8. Origin criterion (see Notes overleaf)
			9. Gross weight or other quantity
			10. Number and date of invoices
11. Certification		12. Declaration by the exporter	
It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.		The undersigned hereby declares that the above details and statements are correct; that all the goods were produced in	
	 (country)	
		and that they comply with the origin requirements specified for those goods in the Generalized System of Preferences for goods exported to	
	 (importing country)	
		Place and date, signature and stamp of certifying authority	
Place and date, signature and stamp of certifying authority		Place and date, signature of authorized signatory	

NOTES (2013)

I. Countries which accept Form A for the purposes of the Generalized System of Preferences (GSP):

Australia*	European Union	France	Netherlands
Bahamas	Austria	Germany	Poland
Canada	Belgium	Greece	Portugal
Iceland	Bulgaria	Hungary	Romania
Japan	Croatia	Ireland	Slovakia
New Zealand**	Cyprus	Italy	Slovenia
Norway	Czech Republic	Latvia	Spain
Russian Federation	Denmark	Lithuania	Sweden
Switzerland including Liechtenstein***	Estonia	Luxembourg	United Kingdom
Turkey	Finland	Malta	
United States of America****			

Full details of the conditions covering admission to the GSP in these countries are obtainable from the designated authorities in the exporting preference-receiving countries or from the customs authorities of the preference-giving countries listed above. An information note is also obtainable from the UNCTAD secretariat.

II. General conditions:

To qualify for preference, products must:

(a) fall within a description of products eligible for preference in the country of destination. The description entered on the form must be sufficiently detailed to enable the products to be identified by the customs officer examining them;

(b) comply with the rules of origin of the country of destination. Each article in a consignment must qualify separately in its own right; and

(c) comply with the consignment conditions specified by the country of destination. In general, products must be consigned direct from the country of exportation to the country of destination but most preference-giving countries accept passage through intermediate countries subject to certain conditions. (For Australia, direct consignment is not necessary.)

III. Entries to be made in Box 8

Preference products must either be wholly obtained in accordance with the rules of the country of destination or sufficiently worked or processed to fulfil the requirements of that country's origin rules.

(a) Products wholly obtained: for export to all countries listed in Section I, enter the letter 'P' in Box 8 (for Australia and New Zealand Box 8 may be left blank).

(b) Products sufficiently worked or processed: for export to the countries specified below, the entry in Box 8 should be as follows:

- United States of America: for single country shipments, enter the letter 'Y' in Box 8; for shipments from recognized associations of countries, enter the letter 'Z', followed by the sum of the cost or value of the domestic materials and the direct cost of processing, expressed as a percentage of the ex-factory price of the exported products; (example 'Y' 35% or 'Z' 35%).
- Canada: for products which meet origin criteria from working or processing in more than one eligible least developed country, enter letter 'G' in Box 8; otherwise 'F'.
- Iceland, the European Union, Japan, Norway, Switzerland including Liechtenstein, and Turkey: enter the letter 'W' in Box 8 followed by the Harmonized Commodity Description and coding system (Harmonized System) heading at the 4-digit level of the exported product (example 'W' 96.18).
- Russian Federation: for products which include value added in the exporting preference-receiving country, enter the letter 'Y' in Box 8 followed by the value of imported materials and components expressed as a percentage of the fob price of the exported product (example 'Y' 45%); for products obtained in a preference-receiving country and worked or processed in one or more other such countries, enter 'Pk'.
- Australia and New Zealand: completion of Box 8 is not required. It is sufficient that a declaration be properly made in Box 12.

* For Australia, the main requirement is the exporter's declaration on the normal commercial invoice. Form A, accompanied by the normal commercial invoice, is an acceptable alternative, but official certification is not required.

** Official certification is not required.

*** The Principality of Liechtenstein forms, pursuant to the Treaty of 29 March 1923, a customs union with Switzerland.

**** The United States does not require GSP Form A. A declaration setting forth all pertinent detailed information concerning the production or manufacture of the merchandise is considered sufficient only if requested by the district collector of Customs.

For more information

- ✓ www.commerce.gov.mm
- ✓ www.myanmartradeportal.gov.mm
- ✓ Office Building No.3, Ministry of Commerce, Nay Pyi Taw.
 - ✓ Ph: 067-408233
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Thank you for your kind attention !