



Business Process Analysis: Export of Rice and Mango, and Import of Palm oil in Myanmar

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The Network for Knowledge Transfer on Sustainable Agricultural Technologies and Improved Market Linkages in South and Southeast Asia (SATNET Asia) aims to support innovation by strengthening South–South dialogue and intraregional learning on sustainable agriculture technologies and trade facilitation. Funded by the European Union, SATNET facilitates knowledge transfer through the development of a portfolio of best practices on sustainable agriculture, trade facilitation and innovative knowledge sharing. Based on this documented knowledge, it delivers a range of capacity-building programmes to network participants.

SATNET Asia is implemented by the Centre for Alleviation of Poverty through Sustainable Agriculture (CAPSA) in collaboration with the AVRDC – The World vegetable Centre, the Asia Pacific Centre for the Transfer of Technology (APCTT), the Food Security Centre of the University of Hohenheim and the Trade and Investment Division of UNESCAP.

This study has been conducted as part of the initial diagnostic studies for trade facilitation in the target project countries in South and Southeast Asia. The objective of this study was to mainly identify constraints and recommend a few relevant measures with regard to export or import processes of selected agricultural or food products.

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Abbreviations

AEC	ASEAN Economic Community
ARTNeT	Asia-Pacific Research and Training Network on Trade
ASEAN	Association of South East Asian Nations
BPA	Business Process Analysis
BTOS	Border Trade Online System
CIF	Cost, Insurance Freight (specific terms of sale)
CNY	Chinese Yuan Renminbi
EICC	Export Import Commercial Committee
FAO	Food and Agricultural Organization
FCL	Full Container Loads
FDA	Food and Drug Administration
FEE	Free Foreign Export
FFA	Free Fatty Acid
FOB	Free on Board (terms of sale)
GDP	Gross Domestic Product
GRT	Gross Register Tonnage
HS	Harmonized System
ICD	Inland Container Depot
MCB	Myanmar Citizen Bank
MITS	Myanmar Inspection and Testing Service
MMK	Myanmar Kyat(s)
MOC	Ministry of Commerce
MPA	Myanmar Port Authority
MRIA	Myanmar Rice Industry Association
MSTRD	Myanmar Science & Technology Research Department
NVOCC	Non-Vessel Operating Common Carrier
PAC	Public Access Center
PAPP	Pre-arrival Payment Procedure
PAPP	Pre-Arrival Processing Procedure
PHTA	Post-Harvest Technology Application
PIAC	Public Internet Access Center
SAD	Shipping Agency Department
UMFCCI	Union of Myanmar Federation of Chamber of Commerce and Industry
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
UNNExT	Nations Network of Experts for Paperless Trade in Asia and the Pacific
USD	United States Dollar(s)
WCO	World Customs Organization

Exchange Rates Used

USD 1 = 850 MMK

USD 1 = 6.2 CNY

Unit of Measurements

1 viss = 1.6 kg

1 ton = 1 metric ton

1. Introduction

Myanmar is presently undergoing remarkable political and economic reforms. As a result, the country is emerging from five decades of isolation as many countries have started to lift or suspend economic sanctions thus private sector firms are feverishly exploring potential business opportunities. There is a tremendous potential for economic growth given Myanmar's cornucopia of natural resources paired with its strategic location and an increased openness to trade.

Table 1: Myanmar's GDP Composition 1990-2010

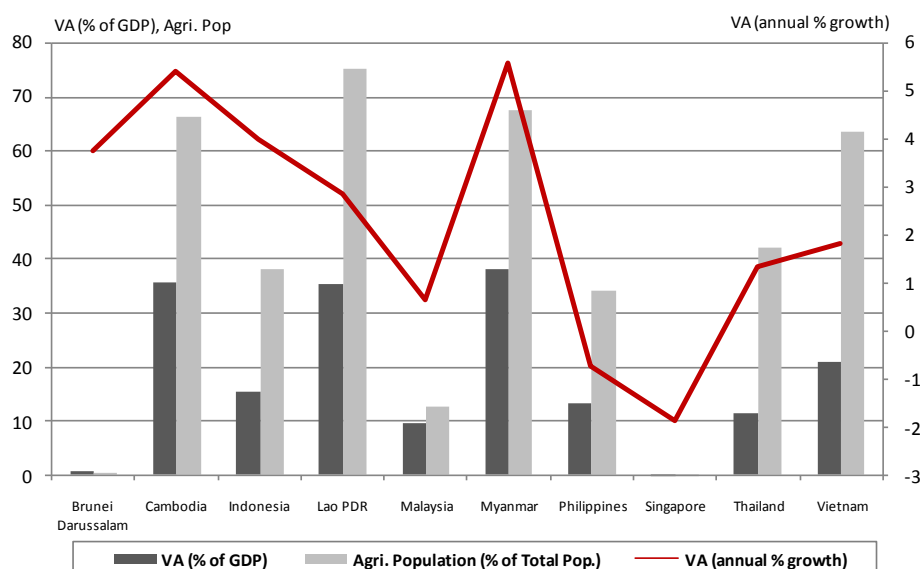
Sector / Year	1990	2000	2010
Agriculture	57.3	57.2	36.4
Industry	10.5	9.7	26.0
Services	32.2	33.1	37.6

Source: ADB (2010), Asian Development Bank Key Indicators for the Asia and Pacific 2011

One of the key strategic sectors for economic growth for the Government is the agricultural sector. As shown in Table 1, in Myanmar, the agricultural sector accounts for more than one third of GDP (36.4%). Despite the declining share of agriculture by 20.8% from 2000 to 2010, replaced mainly through the contribution of industry (+16.3%) and services (+4.5%), agriculture remains a key sector for the country in the foreseeable future.

From an employment perspective, the agricultural sector employs close to 70% of the country's population. As indicated in the following Figure 1, among ASEAN countries only Lao PDR, Cambodia and the Viet Nam mirror Myanmar's agro-employment patterns.

Figure 1: Contribution of Agriculture to GDP and its Annual Growth and Agricultural Population in ASEAN Countries, 2009



Source: World Databank, FAO

In order to maintain economic momentum and sustain the present economic growth and employment, the trade of agricultural products will play a critical role. Considering the small role of trade in the past, there is vast potential. Trade barriers, both administrative and procedural, can significantly impede this path.

The United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) is co-implementing the project “Network for Knowledge Transfer on Sustainable Agriculture Technologies and Improved Market Linkages in South and Southeast Asia (SATNET Asia)”, funded by the European Commission. The general objective of this project is to support innovation in the fields of trade facilitation and sustainable agriculture technologies. The project aims at identifying trade facilitation measures that may particularly contribute to poverty reduction, promote intra-regional learning and building capacity of developing countries in the Asia-Pacific region to implement them.

There are various crops dominating the agricultural sector. For example, rice, pulses and beans, various fruits (e.g. mango, water melon, cantaloupe, etc.) as well as maize and sesame seeds are widely produced and offer a large export potential. In order to realize the gains from trade, trade barriers should be eliminated where possible or reduced to a minimum.

As part of the project, a Business Process Analysis (BPA) was conducted in Myanmar. With the aid of a BPA, bottlenecks of trade processes can be identified and, based on the results, solutions developed. The BPA is the first step towards a single window environment that will simplify, harmonize, and automate trade procedures and documents.

Section two of the current report provides an overview of the methodology employed; section three details out the “as is” trade processes for the three products in question; section four produces recommendations to reach “to be” processes, based on the analysis of section three. Appendix I provides broad sector overviews of the three products investigated. Detailed graphs and descriptions of both the “as is” and “to be” processes are attached in Appendix II. Appendix III offers possible areas of engagement for a trade and transport facilitation national coordination body.

2. Methodology

2.1. Methodology and Scope

The objective of the current study is to apply the BPA method to review and evaluate present business processes and procedures, their rationale, the time required to complete them, and the associated costs for export and import of selected agricultural products in the context of Myanmar.

To conduct this BPA exercise, the *Business Process Analysis Guide to Simplify Trade Procedures, Updated September 2012* has been used. This guide was jointly developed by the United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT), UNESCAP, as well as the United Nations Economic Commission for Europe (UNECE).

The BPA employs the UN/CEFACT International Supply Chain model. Every business process is categorized and analyzed through this framework (Keretho and Naklada, 2011). This model comprises of three process areas: (1) Buy, (2) Ship, and (3) Pay.

- (1) Buy – Activities concerning the conclusion of trade terms and establishment of a sales contract
- (2) Ship – Activities concerning the arrangement of inland and cross-border transportation and other actions necessary to meet regulatory requirements in both exporting and importing countries, such as:
- Obtaining an export permit
 - Arranging transport
 - Arranging for inspection and fumigation
 - Obtaining cargo insurance
 - Providing a customs declaration
 - Collecting empty container(s) from yard
 - Packing container(s)
 - Transferring cargo to the port of departure
 - Clearing goods through customs
 - Handling containers at the terminal and stowing them in a vessel
 - Preparing documents required by the importer
 - Verifying the accuracy/authenticity of the exported cargo
- (3) Pay – Activities concerning claims for payment of goods (Keretho and Naklada, 2011).

In Myanmar, this is the first time to apply a BPA methodology to analyze trade processes. The products covered in this BPA are

1. Rice exports to West Africa (by maritime transport);
2. Mango exports to China (by land transport); and
3. Palm oil imports from Malaysia (by maritime transport).

This study documents in great detail the “as is” (or current) trade processes for the above products. Based on the results, this study develops policy recommendations to simplify and harmonize trade processes in Myanmar. The three products (rice, mango, and palm oil) have been chosen because of their importance for the Myanmar economy. A detailed overview of each sector is provided in *Appendix I: Sector Overviews*.

Some assumptions had to be made in order to provide meaningful insights into the business processes of rice exports, mango exports, and palm oil imports:

- Rice shipments were full container loads (FCL), i.e. that one shipment has the volume of one full container and there is no consolidation with other cargo or the same cargo from another exporter. For mango exports, the fruits are transported in open trucks. In this case, the assumption is a full truck load. In the case of palm oil, tanker ships are used. It is assumed that the imported palm oil comes only from one exporter and the shipment takes the full capacity of the vessel.
- There is no consolidation with other shipments, meaning each shipment is for only one consignee (except for palm oil where the cargo is normally distributed among several tank owners).
- All stakeholders comply with existing regulatory requirements.

2.2. Study Approach

The business processes for trading rice, mango, and palm oil have been drawn based on extensive interviews with key stakeholders such as Government agencies, exporters, traders, and logistics service providers¹. In addition, some key sites have been visited to better understand the trade. The objective of the field visits and interviews was not only to obtain information on business processes but also a great deal of time has been spent on explaining this assignment, the objective of it, and how it can be used to influence policy to facilitate trade and contribute to national development objectives. This “ownership”-building took place both at highest levels of Government as well as with technical officers.

Based on the interviews and site visits, the business processes were graphically illustrated with the aid of the UN/CEFACT unified modeling language and complemented by a table to provide greater details on each process. The details given in the table provide also an indication on the time needed to complete each process and the costs incurred. The diagrams reveal all stakeholders and process participants of each single business process as well as their relationship to each other. Further, the analysis covers all areas of the trade, including the commercial, transport, regulatory, and financial procedures.

Particularly the cost and time elements in each business process (but also other elements) may be subject to great variations among the private sector as well as be in strong contrast to public sector information. The differences among private sector process participants may be due to better access to officials or other individual characteristics that grant preferential treatment. Differences between (semi-) public and private sector participants may arise from the naturally different interests or different perceptions on what constitutes trade barriers and what is culturally acceptable/common business practice.

To validate findings of this BPA, the study team had several rounds of interviews with the various process participants. Additionally, a National Stakeholder Consultation meeting was held at the Park Royal Hotel in Yangon on 8 May 2013. The meeting drew 48 participants from the public sector (processes participants) as well as the private sector. The meeting was chaired by Dr. Maung Aung, Advisor, Union’s Minister Office, Ministry of Commerce. The objective of this consultation meeting was to invite all relevant stakeholders and process participants for commenting on a draft version of this report to ensure accuracy of the information. For this, the report has been both shared prior to the meeting and all processes presented at the meeting. After each presentation block (by product) all participants were invited for comments. Subsequently to the consultation meeting, all process participants were given a two-week timeframe to submit additional comments on the draft. Although the meeting produced a lively discussion and recommendations, no further comments have been submitted during the two-week review period.

The report was then finalized based on the comments and recommendations provided during the National Stakeholder Consultation meeting and subsequent comments in follow-up interviews.

¹ The term logistics service providers refers in this paper to firms providing any kind of logistics services. This is regardless of the level of integration of the different services provided within a company. Therefore, this definition in this paper goes against the more common definition of providing different, integrated logistics services within one company such as third party logistics (3-PL) or fourth party logistics (4-PL) services.

2.3.Limitations

During the assignment, the research team was confronted with various challenges such as

- (i) Data availability and consistency: In a number of areas current research data shows large inconsistencies between different data sources and in other cases data was simply not available. Therefore, the research team had to make at times assumptions that credibly reflected the situation on the ground.
- (ii) Reform pace in the country: The research project is conducted over a period of several months. Due to the fast pace of reform in Myanmar, this paper might not reflect the latest developments in specific areas despite tireless efforts of the team to keep up – several revisions and updates have been made during the drafting phase. However, a number of some information provided in the report may be outdated when the final report is published.

3. Business Process Analysis in Myanmar

This is the first BPA conducted in Myanmar. The following sections provide an overview of the present “as is” process of three products:

- (1) The export of rice from Myanmar to West Africa (by maritime transport)
- (2) The export of mangos from Myanmar to China (by land transport)
- (3) The import of palm oil from Malaysia (by maritime transport)

3.1. Analysis of Rice Exports from Myanmar to West Africa

3.1.1. Overview of the Supply Chain

Myanmar rice is, to a large extent, exported to Western African countries such as the Ivory Coast and Burkina Faso. The average shipment size varies but ranges between 1,900 and 4,500 metric tons with an average value of around USD 6-10 million. In 2011 and 2012, as many as 40 different rice trading/export companies exported rice from Myanmar to African countries.

Yangon port is the only export gateway in Myanmar. Rice exports are always sold FOB and on a shipment-by-shipment basis. Therefore, the African buyers take control over the supply chain once the ship is loaded. The lead time to transport the rice from Yangon to Western Africa is around 45 days but depends on weather conditions. The freight rate from Yangon to West Africa is approximately USD 70 per ton (general cargo vessel). While the cargo vessel sails directly from Yangon to Western Africa, the documents are sent via Singapore because Singaporean intermediaries broker the sales contract between Myanmar exporters and West African importers. In Singapore, the documents are modified and the buyer is replaced on the document. This is still a remnant from the past and Myanmar traders are increasingly trying to sell directly to foreign buyers.

The domestic outbound supply chain is organized by Myanmar traders who buy the rice either from rural traders (around 70%) or directly from the mills (30%). Myanmar exports mostly low quality rice (up to 25% broken) but has also higher quality rice with 5%, 10%, and 15% broken. The rice harvest areas are *Bago* (around 85 km from Yangon) and the delta-area. Rice from *Bago* has usually a higher quality and, therefore, commands a higher price while rice from the delta is usually of lower quality. Rice from the delta is brought either by road transport or barges to the port where the rice from *Bago* is transported by road to Yangon. However, road transport is much more expensive and therefore less preferred. Delivery

time of rice is within one day from traders and one week if purchased directly from the mills. The rice is transported in 50 kg bags either as bulk on general cargo vessels (around 80%) or in containers (20%).

Although rice mills in Myanmar run only for six months of the year, export of rice takes place all year round. In the remaining six months the mills sit idle. Peak season for rice exports are November to April, where export volumes increase by around 20%.

As there are various intermediaries (traders) involved in the outbound supply chain, exported rice is often consolidated and mixed with rice from different fields, farmers, and traders which reduces the quality. If the rice quality becomes too low, rice has to be re-filtered which increases logistics costs.

Before rice can be exported, the cargo is inspected by the Myanmar Inspection and Testing Service (MITS) of the Ministry of Commerce (MOC) as well as a private inspection agent (e.g. SGS) designated by the buyer. The inspection agent checks both the cargo (quality and quantity) and cleanliness of the ship.

Payment for the exports is by telegraphic transfer two weeks in advance of the shipment. The price depends on the quality but ranges between USD 350-450 per ton for up to 25% broken. Exporters (Myanmar traders) pool the rice from various domestic traders. The payment terms vary from payments within 7-14 days of shipment, and sometimes even in advance. Due to the lack of working capital, several exporters often share a shipment. There is no credit available from banks to bridge the finance gap between purchase and sale, which can amount up to several million USD.

While the payment in advance for the export of rice is advantageous for the Myanmar sellers, it makes finding foreign buyers and expansion into foreign markets difficult. Another challenge for Myanmar exporters in the outbound supply chain is the low quality of the Myanmar rice which makes competition with other exporting countries difficult. At present there is no clear rice export strategy and policy of the Government. However, there is a policy of guaranteed minimum selling price for rice farmers. While this is believed to be beneficial for domestic rice farmers, unfortunately the exporters do not reap any benefit from this initiative.

3.1.2. Business Process Analysis

The Myanmar Government considers rice as one of the key agricultural products, both in terms of rural employment and export growth potential, thus contributing to GDP and trade. Consequently, since 2003 the Government has continuously liberalized the regulations (controls) on rice exports. Until then, rice exports were restricted through quotas and the last quota was abolished in April 2003. Since 2011, private firms can freely trade rice and the Myanmar Rice Industry Association (MRIA) is not actively involved in the export process anymore. For example, the shipping conditions can be chosen freely while before the exporter had to ship FOB. Additionally, since 2011 the Government does not require an export recommendation for rice, allows the export of rice via normal and border trade, and lifted rice export taxes. Nevertheless, as rice is also critical for domestic food security, the Government monitors closely domestic rice prices, production and consumption. Despite the general liberalization of rice exports, the Government intervened periodically with export controls to ensure food security. However, those sporadic export controls or the erratic issuance (and revocation) of export quotas have increased policy uncertainty and impacted the country's reputation as a reliable rice supplier. The consequence has been a lower price for Myanmar's rice, even if the quality is comparable to that from other exporters. Therefore,

Myanmar's exporters have been forced to absorb the price of the risk premium associated with policy uncertainty, as traders who can take on the risk of supply uncertainty, offer lower prices.

Despite the liberalization of shipping terms by the Government in 2011, exporters are still reluctant to ship goods other than FOB (for exports) and CIF (for imports). The reason are lack of knowledge and information about IncoTerms and therefore reluctance by exporters to take on the additional risk, as well as the lack of direct shipping connections to the final destinations. Thus, present business practices in the rice trade remain FOB shipments. However, some exporters very recently started to ship C&F² although the Export License still shows FOB shipment.

In addition, the Myanmar Government requires every exporter to contract the Shipping Agency Department (SAD) as their shipping agent. In other countries the exporter can decide to hire an agent in order to facilitate the port process but in Myanmar contracting the SAD is mandatory. According to stakeholders involved in the trading process, the service level is relatively low.

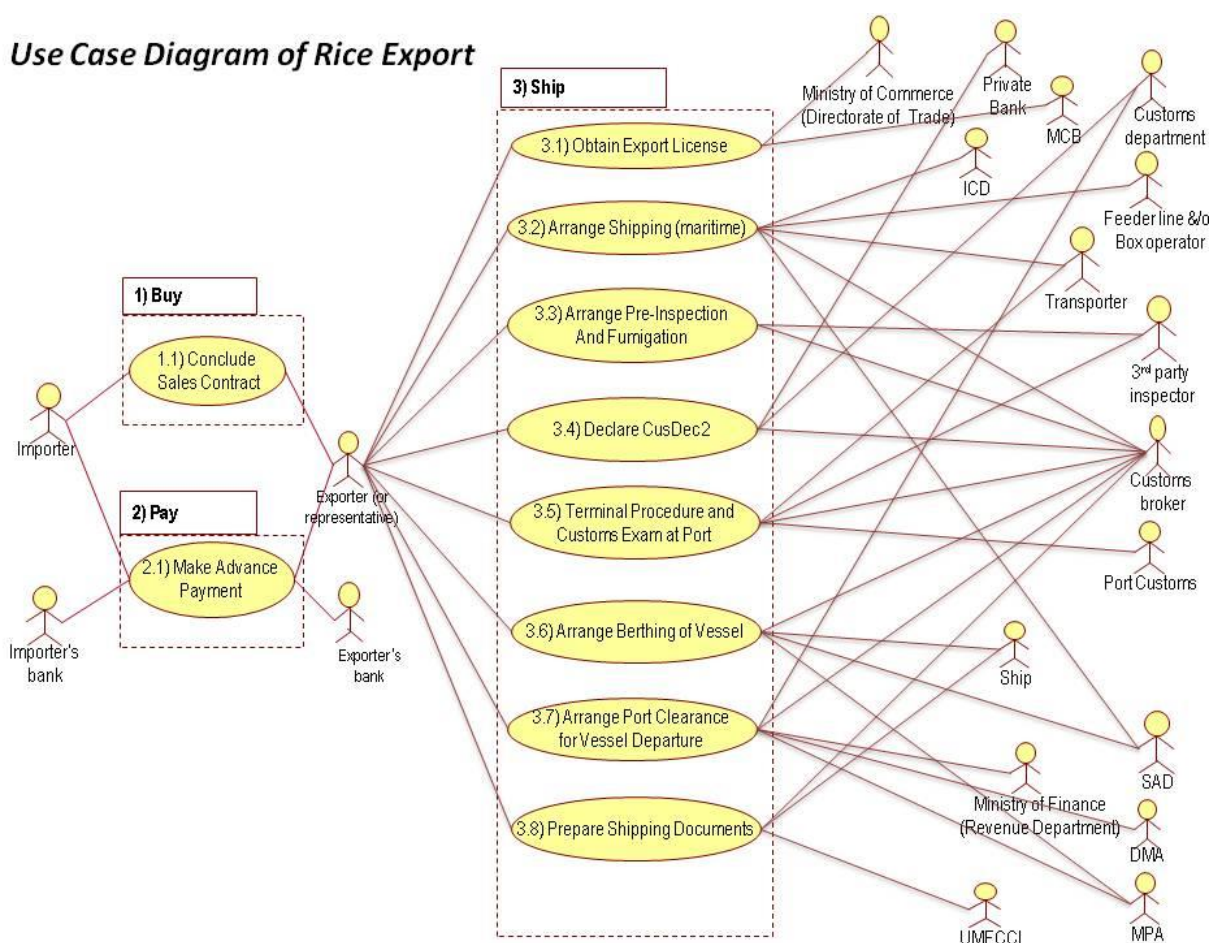
Although exports have been heavily de-regulated, an export license is still needed to export rice. The Export License is obtained from the Ministry of Commerce and valid for a period of three months without quantity limits. The Export Import Commercial Committee (EICC) of the MOC now only checks the prices provided by the exporter in the License and periodically compares them against prevailing market prices (obtained from the association). A partial use of Export License is also possible as long as the Letter of Credit corresponds. However, rice prices have been much more volatile since the liberalization of the shipping terms because it allows for speculative action on the rice price. For example, traders now conclude sales contracts without "ready cargo" when they expect falling rice prices. Once the ship arrives (arranged by the buyer), they urgently buy large quantities of rice which leads to spiking prices. Before the de-regulation this was not possible because exporters/traders were required to have the cargo ready in a sealed warehouse.

This BPA is based on a full container shipment with 20 tons of cargo, packed in 50 kg bags in a container.

Figure 2 shows the steps involved to export rice from Myanmar to West Africa.

² The exporter pays all expenses incurred in transporting the cargo from its place of origin to the port and ocean freight to the port of destination. Insurance is paid by the importer.

Figure 2: Use Case Diagram for Rice Exports from Myanmar to West Africa



1. The Buy process

1.1 Conclude sales contract (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

The process of concluding the sales contract starts with the importer requesting a price quotation from the exporter. The exporter prepares a quotation to inform potential buyers (importers) about price and sales terms. If the quoted price and sales terms are not acceptable, the importer negotiates with the exporter. If all terms are acceptable, the importer confirms the purchase of goods with a purchase order. The exporter, in turn, prepares the shipment of goods and confirms that the rice will be delivered according to established conditions and terms by sending a proforma invoice to the importer.

On average, the time to conclude the sales contract takes 2 days but varies between 1-3 days.

2. The Pay process

2.1 Make advance payment (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

Once the sales contract is concluded, an advance payment is required. The process starts with the exporter requesting the importer to make the payment. The importer makes usually the payment via telegraphic transfer and informs the exporter. Meanwhile, the importer's and exporter's banks complete

the payment. The importer notifies the exporter who in turn acknowledges the payment. Similarly, the exporter's bank receives a payment notification from the importer's bank. In the next step, the exporter applies to withdraw the funds by submitting an application. This application consists of a simple letter containing the type of export cargo, type of payment (Letter of Credit or Telegraphic Transfer), and type of currency, and what percentage of funds (of this payment) are withdrawn (e.g. 100%). The exporter's bank receives the application from the exporter and issues the export credit letter. Once the exporter receives the payment and export credit letter, the exporter prepares the shipment of goods.

This process is considered a bottleneck to exporters as Myanmar banks only recognize emails from official Government email-addresses. The Government's email system, however, is slow and unreliable. Private email addresses (as provided by i.e. Yahoo!, Gmail, Hotmail, etc.) are not acknowledged by the banks. This can lead to significant delays of up to three days in the payment procedure.

Although the actual process takes only around one hour, it takes much longer until payments are credited. For example, a telegraphic transfer from Yangon to Singapore takes between three to seven days which is perceived too long for the private sector. Costs associated with this process include transaction costs USD 12 (MMK 10,000) and transfer cost of around USD 2-3.

3. The Ship process

3.1 Obtain export license (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

The Ship process starts with obtaining the Export License. The importer first prepares all necessary documents and completes an online application at Myanmar's Trade Net at the Public Access Center (PAC) of the MOC. The following documents have to be submitted:

- Job order letter
- Sales contract or pro-forma invoice (original)
- Representative card (copy)

The representative card is only needed if the importer appoints a representative (broker or agent) to manage the export process. The representative card contains only the contact information of the broker's/agent's company and the responsible staff.

Once the application and documents are received by MOC representatives at the PAC, the documents are reviewed for their completeness and accuracy. If all documents meet the requirements, representatives of the MOC print out the application form and order the exporter to make an e-payment for the application fee at the Myanmar Citizen Bank (MCB). At present, MCB is the only licensed bank to collect any fees for the MOC including the export license fee (no private bank can be used so far). If the exporter does not have a bank account at MCB at the time of export, an account needs to be opened at the beginning of this business process. Once the e-payment is completed by the exporter, the bank issues a receipt and notifies the MOC. Once the Export section of the Ministry acknowledges the payment, they issue a hard copy of the complete application and make it available to the exporter.

The exporter then brings the hard copy of the Export License application to the Export section where the product's current market price is assessed and compared against the information provided in the documents. The current market price is based on price estimations of the MRIA and obtained twice a

week. An export license is normally valid for a period of three months but depends on the Letter of Credit statement.

The case file is then submitted to the EICC.³ It is the decision-making body and meets daily at 9am to decide about the approval for both imports and exports of so-called “national crops” i.e. rice, sesame, peanuts, and some special equipments etc. In others, the EICC does not play any role. Once the EICC approves the application, the Export section issues the Export License. The Export License can then be collected by the exporter.

The MOC is perceived by the private sector to be the most reform-prone Ministry. One example is the introduction of electronically submitted documents. Nonetheless, all other subsequent processes are still carried out manually. However,, the Ministry aims to fully automate this process in the future. Submitting the application online in Yangon is relatively easy but the poor internet infrastructure outside major cities (and hence major networks) is still a bottleneck for this process. In this case, exporters still have to come to MOC in Yangon to submit their documents.

The whole process can be completed within one day. The only cost incurred at this step is the fee of approximately USD 5 (MMK 4,000) for submitting the online application. For the export license, unlike with other commodities, there is no Export License fee. However, agent fees, transport costs (for public transport), and costs for accommodation (for the agent) to bring the documents from Yangon to Nay Pyi Taw amount to USD 70 (MMK 60,000).

3.2 Arrange shipping (maritime) (see Appendix II: “As is” Business Process Mapping; 6.2.1. Rice)

To arrange the overseas shipping, the exporter first prepares the shipping instructions (SI), as previously agreed in the sales contract between the exporter and importer, and sends them to the feeder carrier (shipping line and/or box operator⁴ or NVOCC⁵). Once the feeder shipping line receives the instructions, it carefully reviews them to ensure all contract terms can be met. If the shipping line does not object any clauses in the instructions, it issues

- Booking note,
- 102 challen (the permission to release a pre-specified, empty container from the container depot to a specified shipper),
- 103 challen (the permission to receive the loaded container from the specified shipper to the port), and
- Release order (to the SAD).

The Myanmar Government makes the use of the SAD as the shipping agent mandatory for all feeder shipping lines with the exception for the national shipping lines (i.e. MFSL, KMA, and Lan Pyi shipping line). The release order is sent directly to SAD by email. The booking note as well as 102 and 103 challens are sent via the exporter to the SAD. The SAD, institutionally located under the Myanmar Port Authority (MPA) of the Ministry of Transport, signs and stamps the challens, adds a seal on the documents, and makes it available to the exporter. In other countries these documents are issued by an appointed, local, private agent of the shipping line, Myanmar is an unusual case.

³ Until recently, EICC was only located in Nay Pyi Taw but this has changed and now documents can be submitted in Yangon.

⁴ Box operator is the owner of the container.

⁵ A non-vessel operating common carrier (NVOCC) is a shipment consolidator or freight forwarder who does not own any vessel, but functions as a carrier by issuing its own bills of lading or air waybills and assuming responsibility for the shipments.

Once the exporter receives all the aforementioned documents from the SAD, the exporter requests an empty container from a designated inland container depot (ICD) with the 102 challen and tasks a transporter to bring it from the ICD to the warehouse. The container is usually provided by the shipping line that carries out the sea transport from Myanmar to either Singapore (for transshipment) or directly to West Africa. The ICD verifies the container number, the seal and signature of the SAD, as well as the voyage number and operator code as in challen 102. Provided the container is available, the ICD issues a payment order for the container operation charges (lift-on of the container onto the truck). However, regularly the pre-specified container cannot be provided to the exporter as the container yards suffer from heavy congestion and lack of organization. At present, all ICDs do not maintain a proper yard plan as well as record container movements. At the same time, container yards operate beyond their capacity limit, stacking up to eight container units high. If a container cannot be located at the yard, requires more than 20 container movements, or does not meet the damage requirements (the shipping line promises to provide a damage-free container while actually containers are frequently damaged) then the exporter must obtain a new container number (often they write down the number of available containers at an ICD) and bring it to the shipping line and request a new set of documents (with a different container number). This process is often repeated several times until a suitable container can be made available. Once the container is identified, the exporter pays all charges. The ICD will then issue the gate pass and release the container to the transporter who will bring it to the exporter's warehouse for loading.

Another bottleneck for exporters is the necessity to obtain signatures and stamps from the SAD as this requires them to physically visit the office.

The time and costs of this process depend on the distance from the ICD to the exporter's warehouse as well as if the exporter can load the cargo in the time granted by the shipping line. For rice export, warehouses are located in or around Yangon and, therefore, the process can be completed in a few hours. If the container is needed for a longer period of time, the shipping line charges demurrage.

If the container is available immediately, the whole process takes around 2.5 hours. More realistically, exporters complete this step in one full day as the lift-on/lift-off operations are slow due to lack of sufficient equipment. There are no fees for the exporter. However, the seller is charged transportation costs USD 100-120 (MMK 85,000-100,000) for bringing the empty container to the warehouse. The container operation charges (lift-on/lift-off) depend on the ICD but range between USD 3.50 (MIP: MMK 3,000) to USD 15 (ICD2: MMK 13,000).

3.3 Arrange Pre-Inspection (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

To arrange the pre-inspection, the exporter needs to prepare the following documents:

- Job order and appointment letter (with company letter head)
- Shipping instructions (copy)
- Product sample

The exporter brings the documents and product sample to a third party inspector that verifies the documents. The shipping instructions must specify the quality requirements (e.g. moisture content and percentage of broken rice) in order for the inspector to check it. If all documents are in order, the inspector issues a payment order to the exporter. Once the money is received, usually the payment is

completed in cash, the inspector collects product samples following international standard sampling methods and procedures. The inspector records the test results. If the sample test meets the specifications set out in the documents (in terms of moisture content and percentage broken), the pre-inspection certificate is issued and provided to the exporter.

The whole process can be completed within one day. The costs total USD 21 (MMK 18,000) for the physical inspection of the rice by the third party inspector. The payment is done in cash by the exporter.

3.4 Declare CusDec 2 (see Appendix II: “As is” Business Process Mapping; 6.2.1. Rice)

In order to start this process, the exporter (or representative) must have obtained both the Export License as well as the pre-shipment inspection certificate.

With those two documents the exporter prepares the online application and submits it to the Customs department at the PAC of the MOC. For that the exporter must key in the required data. A Customs officer at the PAC reviews the documents for their completeness and accuracy, and, if all documents meet the requirements, the Customs officer prints the online application and hands it to the exporter.

The exporter adds then to the printed application form the following documents:

- Export License (original)
- Booking note (original)
- Shipping instructions (original)
- Commercial invoice (original)
- Packing list (original)
- Pre-shipment inspection certificate (original)
- Product sample

At Customs, the documents have to pass five different sections/departments. At first, the documents are submitted to the Central Registration section where the application and attached documents are reviewed for their completeness and are filled out correctly. If all documents meet the requirements, the section provides an Export Declaration number. The documents are then passed on to the Export section which provides a FEE (Free Foreign Export) serial number and stamp to verify the export duty exemption, also referred to as the Free Foreign Export (FFE) seal. It has to be noted that the serial number obtained from the Export section is different from the Export Declaration number obtained in the previous step. Both numbers are necessary; the Export Declaration number is a World Customs Organization (WCO) format requirement and provided on the Export Declaration form; the FEE serial number confirms the duty exemption and is provided internally by Customs. The Export section then issues a payment order for the X-ray fees at the terminal and hands it to the exporter. The exporter makes the payment via any private or Government bank and receives a payment receipt in return. In addition, the bank notifies the Customs department about the money transfer. While payments to Customs can be made from any private or Government bank, payments to the MOC can be only channeled through the MCB. The MCB is a public bank of which the MOC is a major shareholder.

While the exporter makes the payment, the Customs department registers the cargo by HS code at the Classification section. In the next step, the Export Appraising Group verifies whether the submitted documents comply with import/export trade control laws. In addition, the Group calculates the export

duties (for internal records) although rice enjoys export duty exemption. This step is often perceived as a bottleneck by the private sector as the Appraisal process takes relatively long. Reasons for the delay are

- (1) The official exchange rate, provided by the Myanmar Central Bank, is sent to Customs daily at 10am; this means that even though the office is open earlier, Customs officers cannot complete the valuation and appraisal until they receive the official exchange rate.
- (2) It is suspected that there is a shortage of Appraisal officers.

While the Computer section compiles related statistics such as trade volume, value, etc., the Export Appraising Group seals the Export Declaration and attached documents as soon as the data entry is completed and hands it to the exporter. The exporter sends the case file onward to the port Customs.

While the Customs process is initiated with an online application, all following processes are still completed manually. Moving the physical documents from section to section slows down the process because no simultaneous document processing is possible. Nevertheless, the Government has facilitated this process by accepting documents now also in Yangon. Before, the online application could be completed in Yangon but documents needed to be submitted in Nay Pyi Taw.

The whole process takes in total between three to five hours. The costs are around USD 23.50 (MMK 20,000) and cover material costs such as printing, computer use, etc.

3.5 Terminal Procedure and Customs Exam at Port (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

This process can be started as soon as the Export Declaration has been obtained from the Customs department and the container is fully loaded.

The exporter (or representative) initiates four processes simultaneously:

- (i) A request to the transporter to deliver the loaded container from the warehouse to the Customs yard;
- (ii) A request for fumigation of the goods;
- (iii) A request for the examination of the goods by the (terminal) Customs department; and
- (iv) The necessary preparation of the documents for the above processes.

The following documents need to be submitted to the relevant authorities and process participants:

- Shipping instructions (copy)
- National Registration Card
- Sealed case file from Customs head office (from process 3.4)
 - o Export Declaration (copy)
 - o Export License (original)
 - o Invoice (original)
 - o Packing list (original)

The documents listed above need to be submitted to the port terminal as well as to the Customs department at the port terminal.

While the transporter picks up the container at the warehouse, the documents are received by the port terminal. The Gate officer of the port terminal first issues the security card which is needed for any

person who wishes to enter the port. This card can be obtained by providing the original National Registration Card and shipping instructions. When the container arrives at the port terminal, a port terminal officer checks the submitted documents and cargo at the terminal gate. The exporter pays all terminal charges (lift-on/lift-off fees, cargo inspection fees, and labor fees), completes the challen with the terminal charges, and receives a receipt in exchange. In practice, it is also referred to the aforementioned fees as port tariff charges.

Next, the exporter prepares to obtain the gate pass for the container and truck. For the gate pass the following documents are needed:

- Receipt for port terminal charges (according to MPA tariff)
- 103 challen (the permission to receive the loaded container from a specified shipper to the port)
- Shipping instructions (copy)
- Equipment Interchange receipt⁶.

Once the documents are submitted to the gate officer of the port terminal and the gate pass for the container is issued, the exporter brings all documents to Customs office at the port.

Whist the exporter deals with the port terminal, the Customs department registers the submitted case file and the Appraisal officer checks the Export License. The assistant director selects randomly the cargo to be X-rayed as well as a Customs exams group (Group A to J) is assigned by the Chief Executive officer who will physically exam the container. In total, 160 container units can be scanned by the X-ray scanner per day. Just recently, Customs has introduced a risk management system. Since then, around 30-40% of containers are X-rayed, based on the exporter's history and additional random selection. According to a Customs official, red channel shipments (20-30%) are both X-rayed and physically inspected; yellow channel shipments (30-40%) are only X-rayed; green channel shipments face only random inspections.

After the examination of the cargo is concluded and no inconsistencies are found, the exporter must buy a Customs seal. If the goods do not pass the Customs' examination, the case file is sent back to Customs where the Export License is reviewed again. The goods are then fumigated on-site by a third party inspector and the container sealed by Customs. Meanwhile, the exporter prepares 103 challen for the port terminal container handling operation procedure. Once the weight of the container is recorded at the export container yard of the port, the Customs seal is verified by the port terminal. Then the container is placed at the container terminal of the port. After that, the final case file is surrendered to a supervisor of the SAD who prepares the Mate Receipt. This becomes the official Loading List at the point when it is signed by the Chief Officer of the ship. Completing the Mate Receipt is also the official permission of Customs to load the container onto the vessel.

⁶ An Equipment Interchange Receipt is used when a container owner lends his equipment to another party. The receipt includes the container number, vessel/voyage code, stacking position (yard plan and yard position of the container at the container yard) and stowage position (bay/row/tier) of the container on the feeder.

Box 1: Detailed Fee Schedule

The following charges have to be paid:

For TEU (20 feet container)

1. Landing/Shipping charges = MMK 20/metric ton (MT)
2. Labor charges = MMK 35/MT
3. Exam: Labor charges = MMK 400/TEU

For FEU (40 feet container)

1. Landing/ Shipping charges = MMK 20/metric ton (MT)
2. Labor charges = MMK 35/MT
3. Exam: Labor charges = MMK 800/FEU

The following service charges accrue (if required by exporter):

1. Forklift (for Customs exam) = MMK 400 for a 3 ton fork lift, MMK 600 for a more than 3 ton lift. The fees are charged per lift with the Customs providing a suitable fork lift depending on the cargo weight.
2. Weighbridge = MMK 5000 for 20'; MMK 10000 for 40'
3. Storage charges = \$2 for 20', \$4 for 40'
4. Lift-on/lift-off charges = MMK 3000 (20')/6000 (40')

According to the private sector, the payment process is a severe bottleneck. The process is slow due to manual document processing. The whole process can be completed in half a day, around five hours. The costs depend on the container size, the cargo weight and the needs of the exporter (see Box 1). However, the average charges for a 20 foot container (with 20 tons of cargo) amount to approximately USD 130 (MMK 110,000). Those fees then include agent fees, Customs formalities (headquarters and terminal Customs), Customs security fees, export document processing fees of the Shipping Agency Department, port clearance, cargo operation fees (container lift-on/lift-off, and port handling fees. The transport costs depend on the distance between the industrial zone (i.e. Hlaing Tha Yar, Shwe Pyi Tha East Dagon, Mingaladone, etc.) to the port. Usually the costs vary between USD 100-150.

3.6 Arrange Berthing of Vessel (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

The berthing of the vessel can be arranged when the estimated arrival time of the incoming ship is received from the exporter and the container is ready to be shipped. Then the exporter (or representative) prepares an application letter to the MPA to allow the ship berthing at the port.

Once the application is received by the MPA, the MPA enquires the exact arrival time from the ship (based on the projections of the ship master) and the MPA chief accountant compiles a rough calculation of the expected fees such as port dues, berthing, agency fees, etc. with the Port Disbursement Account form (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice). The ship owner then must deposit the money on the MPA account. Around 24 hours before the ship arrives, MPA declares the ship on the port's berthing list and announces the vessel arrival in the local newspaper, also known as the notice of readiness. This is done in order for the exporters to arrange their cargo since demurrage is only seven days.

Once the MPA issues the berthing permit (as soon as the money is transferred onto MPA's bank account), they also arrange a pilot to assist the ship with navigation into the Yangon River port. At present, it is mandatory to engage a local pilot. The pilot boards the vessel at the mouth of Yangon River near the "elephant point".

While the SAD receives the berthing permit, simultaneously the ship (master) prepares all relevant documents for the arrival of the vessel. The documents prepared by the master are the following:

- Last port clearance
- Bill of Lading (copy)/Import Cargo Manifest/Stowage plan
- Ship's particular
- Ship's general declaration
- Crew list
- Ship's stores declaration
- Cargo declaration
- Crew's effects declaration
- Passenger list
- Dangerous goods manifest (if any)
- Arms and ammunition list
- Maritime declaration of health
- Vaccination list
- Port itinerary list

Once the ship berthed at the terminal, the SAD receives and checks the ship's documents as well as the cargo documents of the consignee/shipper.

This process is one of the major impediments for the general export competitiveness to Myanmar because at present all shipping lines must deposit the estimated port fees, determined with the estimated disbursement account, to the MPA before the vessel arrives. If the actual fees are higher than the estimate fees, the shipping line must transfer the difference. But if the estimates outrun the actual fees, the MPA needs to reimburse the balance. Currently, this process is tremendously long. Consequently, shipping lines are reluctant to deploy their vessels for Myanmar cargo. Contributing to this is the fact that Myanmar ports are generally perceived to be dangerous by some shipping lines.

This process can be completed within seven days. The costs are estimated with the Port Disbursement Account form and all dues must be deposited to the account of the Myanmar Port Authority before the vessel arrives. Otherwise the ship is not allowed to berth.

3.7 Arrange Port Clearance for Vessel Departure (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

The process is started by the exporter requesting various certificates of income tax clearance (from the Revenue department), light dues receipt (from Customs department), and outward clearance (from Department of Marine Agency). The vessel issues the following 21 ship documents to prepare for departure and hands them over to the SAD:

- Last port clearance;
- Ship registry;

- International tonnage certificate;
- International load line certificate;
- Safety radio certificate (with Form R);
- Safety construction certificate;
- Safety equipment certificate (with Form E);
- International oil pollution prevention certificate (with Form A);
- International ship security certificate;
- International sewage pollution prevention certificate;
- International air pollution prevention certificate;
- Ship sanitation control exemption certificate;
- Safety management certificate;
- Continuous synopsis record;
- Shore-based maintenance agreement;
- Ship oil pollution emergency plan;
- Safe manning certificate;
- Document of compliance;
- International anti-fouling system certificate;
- All officers competency with STCW endorsement; and
- Crew list.

While the vessel prepares the aforementioned documents, the Revenue department issues an income tax clearance, the Department of Marine Agency receives the ship documents from the SAD and issues the outward clearance certificate, and the Customs department issues a payment order for the light dues. The light dues are used to maintain critical port services such as light houses, buoys, etc. and are calculated on the basis of the ship's Gross Register Tonnage (GRT). The exporter makes the payment to the Customs department who in turn will issue a receipt as soon as the money is deposited.

Once all the aforementioned processes are completed, the exporter collects the outward clearance certificate together with the ship documents (from the Department of Marine Agency), the light dues receipt (from the Customs department), and the income tax clearance (from the Internal Revenue department). With those documents, the exporter requests the port clearance certificate (Form C) from the Customs department. The port clearance is processed once the exporter hands in the full set of documents obtained earlier in this process.

The whole process can be completed within one day. The costs for this process are based on the GRT of the vessel. Payments below MMK 5,000 (around USD 6) are made in cash; if it is above MMK 5,000, then a check is required. Freight charges depend on the destination and are paid by the importer (shipment is FOB).⁷

3.8 Prepare shipping documents (see Appendix II: "As is" Business Process Mapping; 6.2.1. Rice)

The last process step is preparing the shipping documents for the buyer (or intermediary). The process starts with the exporter requesting the Shipped Onboard Bill of Lading from the ship after the container

⁷ The freight rates are approximately USD 70 per ton on a conventional cargo vessel. On a container vessel, the charges are higher and amount to approximately USD 4,000.

has been loaded. The exporter requests simultaneously a phytosanitary certificate with the fumigation certificate from the port terminal.

Both the vessel and Ministry of Agriculture issue their respective certificates and hand them to the exporter. Following that, the exporter prepares the invoice and packing list for the buyer. Additionally, the exporter requests a recommendation letter for a Certificate of Origin from the Myanmar Paddy Producer Association (MPPA) and pays the fee for it. Once the exporter received the recommendation, the exporter can apply for a Certificate of Origin at Republic of Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI). The following documents are needed for this application:

- Export License (copy),
- Invoice (copy),
- Packing list (copy),
- CusDec 2 (copy), and
- Bill of Lading (copy).

The UMFCCI reviews the application and related documents and issues the Certificate of Origin if the exporter meets all the requirements. Then, the chamber orders the exporter to pay the fee with a payment order, and finally issues the Certificate of Origin once the payment has been received. The exporter then collates the Bill of Lading, Certificate of Origin, commercial invoice and packing list and sends it by courier service to the importer/buyer.

This whole process can be completed within two to three days on average. For the Certificate of Origin, both MPPA and UMFCCI charge a fee. The fee schedules for both are dependent on the weight of the shipment. The fees are as follows:

MPPA fee schedule:

1-500 tons = MMK 1,000

500-1000 tons = MMK 5,000

More than 1000 tons = MMK 10,000

(If exporter is not a member of MPPA, the fees are doubled)

UMFCCI fee schedule:

1-50 tons = MMK 6,000

51-100 tons = MMK 8,000

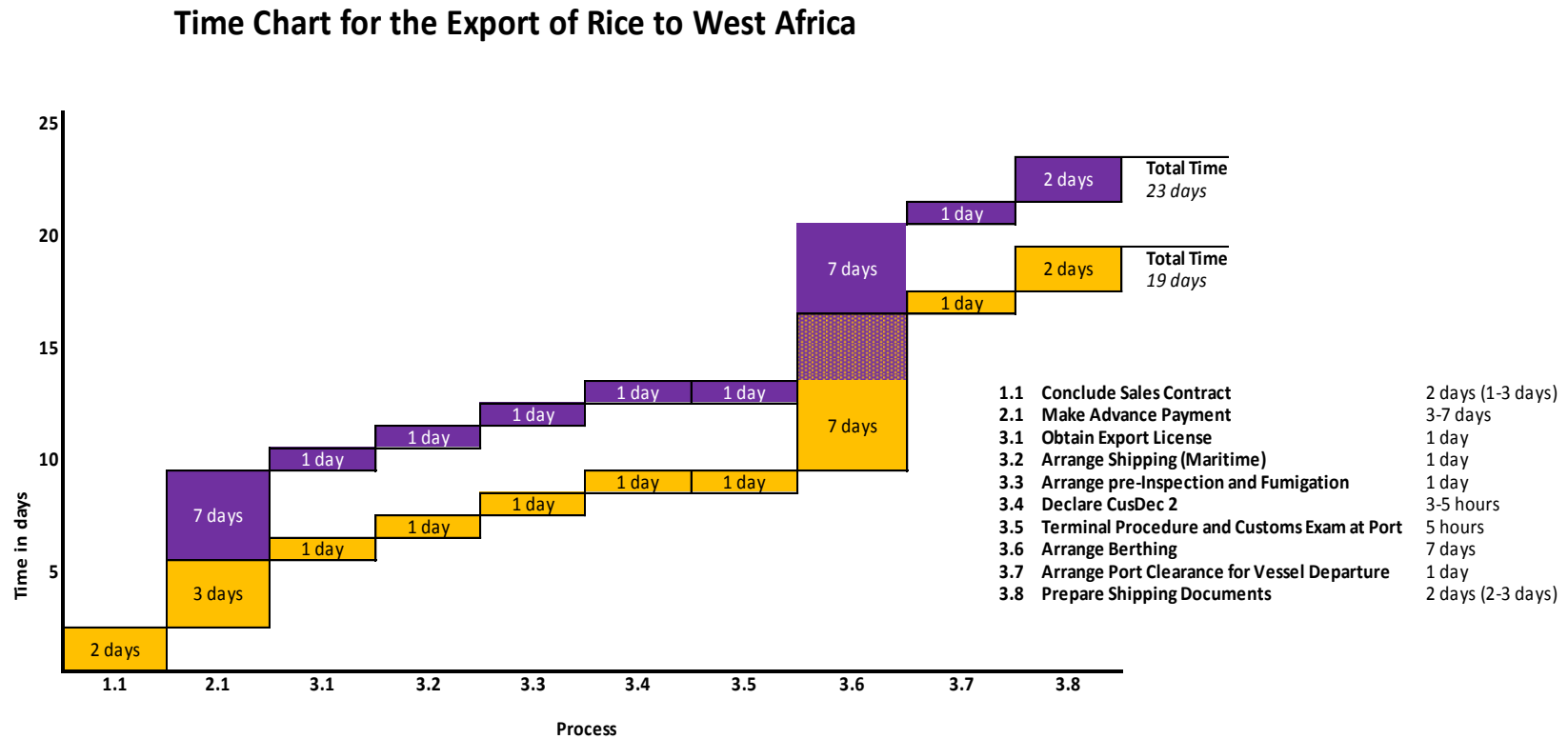
More than 100 tons = MMK 10,000

With shipment usually above 1,000 tons, the fee charged by MPPA and UMFCCI are USD 12 (MMK 10,000) for each, total of USD 24 (MMK 20,000).

3.1.3. Summary of Findings

A graphical illustration of the time required at each process can be found in the following Figure 3:

Figure 3: Graphical Overview of the Time Required to Export Rice to West Africa

**Assumptions:**

- Cash is paid immediately after the sales contract is concluded (buyer has the enough working capital to make the payment)
- Exporter starts obtaining Export License immediately after the payment is made (not payment received)

3.2. Analysis of Mango Exports from Myanmar to China

3.2.1. Overview of the Supply Chain

Myanmar is one of China's major suppliers of mango fruits. Mangos to China are exported via land transport from the growing areas around Mandalay via the Muse/Ruili border point to Kunming and other cities in China.

During peak season (May to July) the volume of fruits increases to 100-150 trucks per day. The average load factor varies as different types of open trucks are used depending on the supply of mango on a particular day. For a 12-wheeler truck, the average load factor is 10-14 tons, making the average value of a shipment from USD 4,500-15,500 depending on the mango variety and size of truck.

Mango exports are always conducted on a free-border carrier basis, i.e., the exporter has to bring the cargo to the warehouse/truck of the buyer at the border. The outbound supply chain is organized by the Myanmar exporter. At present, the agricultural produce is collected by smaller traders and either first brought to Mandalay for consolidation with other growers' produce, or transported directly to the trading center for mangos and water melons in Muse (near Mile 105 – about 12 km from the border) where it is auctioned. It needs to be mentioned that, in general,, all fruits traded at the Myanmar/China border are auctioned. Consolidation of products in Mandalay can take up to one day and the cargo is often stored outside where it is exposed to external conditions/factors. The freight rate for the transport from Mandalay to the border is approximately USD 1 per box or around USD 800-850 for a 12-wheeler truck (800 boxes).

The mangos are bought by Chinese traders. The sales agreement is done on a shipment-by-shipment basis and encompasses only quantity and price without a proper sales contract (handshake deals). Subsequently, the mangos are transported across the Myanmar and Chinese border to the truck/warehouse of the Chinese trader. The transport usually takes place in open trucks. Mangos are usually packaged in cartons that provide at least some protection against outside influences. Nevertheless, the losses from transport and transshipment amount to around 4-5%.

The Chinese trader organizes the Chinese part of the supply chain, including transport, sales, and distribution. While the manual transshipment of goods takes around 3-4 hours, delays in the acceptance of the cargo in Jiegao or Ruili (both on the Chinese side) can delay transport by another 2-3 days. The Myanmar exporters bear the costs for such delay as the cargo remains on their truck. By the time mango is loaded onto the Chinese truck the mango is often past its optimal maturity as no temperature control equipment is being used. The Chinese traders often use any delay, whatever the cause, to demand a discount alleging that the cargo has deteriorated.

While the mango purchases from Myanmar farmers are spot-buys with payments done at the handover of the cargo, the exporters have to give credit up to two weeks to their Chinese counterparts. Sales to the Chinese exporter are done in Chinese Yuan Reminbi (CNY) and domestic buys in Myanmar Kyat (MMK).

There are various weaknesses and risks in the present supply chain of mangos. For example, the cargo has little protection during the transport in open trucks and cargo insurance is only available at adverse terms. Outside Myanmar there is zero insurance coverage, neither for the cargo nor the truck. In

addition, the Myanmar exporter assumes the exchange rate risk, payment-default risk, as well as the risk for delays in the acceptance of the cargo. Another weakness is the lack of mechanism to enforce contracts. Once the seller delivered to the warehouse in China, there are no options to enforce the agreed terms since there are few options for Myanmar exporters.

3.2.2. Business Process Analysis

According to exporters, the export process is relatively simple as long as an agent is used. They also hinted that there is only one agent (North-East Gate Fruit Co., Ltd.) that is used. According to exporters, they prefer to use an agent because the export process is relatively unpredictable and can be interrupted at any step. This is particularly important for exporters of fast perishable goods such as mangos.

The agent seems to have very strong relationships with all concerned Government agencies both on the Myanmar and China side of the border and is able to ensure a seamless export process, although the interviews did not provide a full picture. The agent's service ranges from applying for an Export License (process 2.3) up to the arrangement of transport to China (process 2.8) and even the Chinese border process.

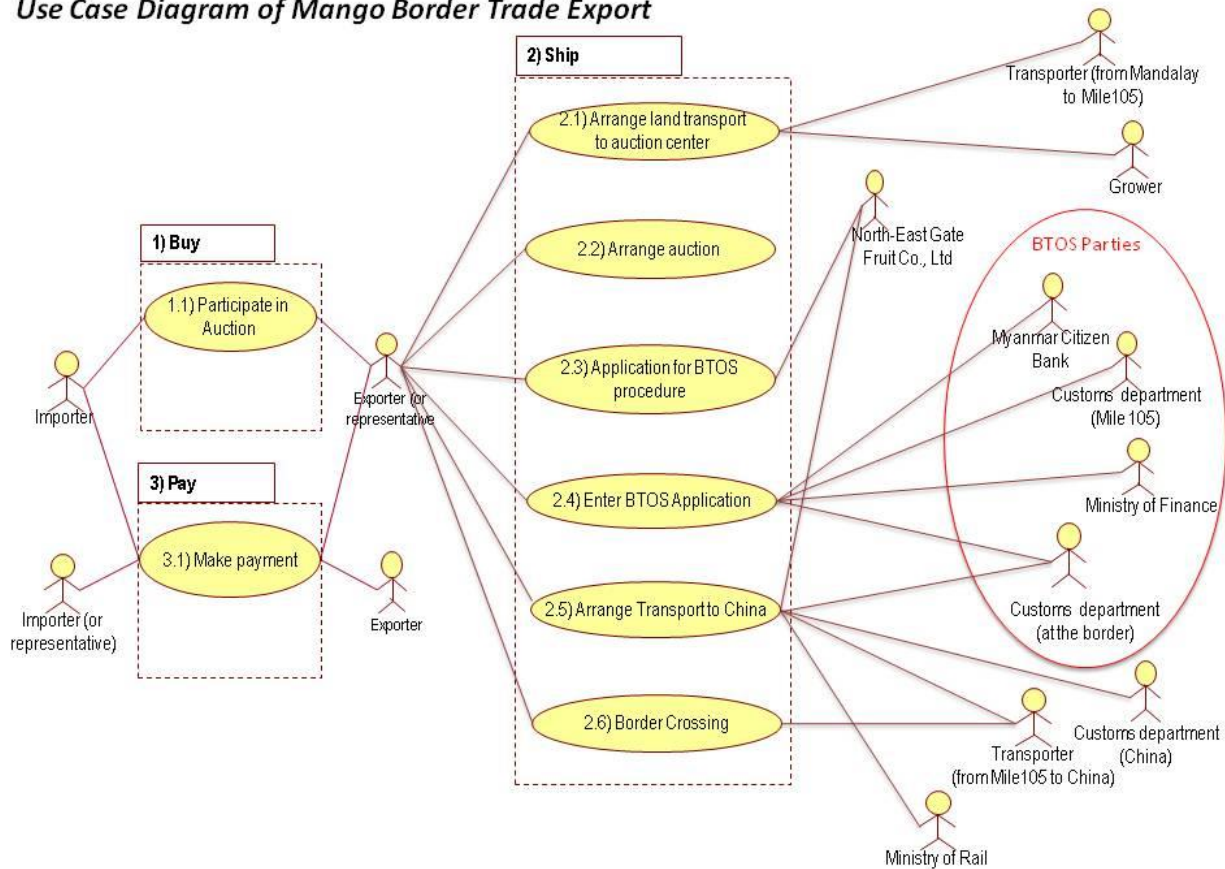
One interviewee quoted the charges at around USD 0.06 (MMK 51) per box. Based on a value of around USD 9 (CNY 50-60), the charges for the agent amount to around 0.66%. Although the agent fees seem not high at first glance, further research would be needed in order to determine why there seems to be no competition.

Generally, the exporter is also responsible for both the export process in Myanmar and the import process in China although the cargo is actually sold already in Myanmar (auction center). Given the scope of this BPA, only the export process of Myanmar is investigated in greater detail.

In the case of mango export from Myanmar to China, the buy and ship processes are intertwined and therefore cannot be as clearly sequenced as suggested by the "buy, ship, pay"-model used throughout the BPA. Nevertheless, this model is still applied for this trade as it provides an overview of activities carried out in all three processes.

Figure 4 shows the steps involved to export mangos from Myanmar to China.

Figure 4: Use Case Diagram for Mango Exports from Myanmar to China

Use Case Diagram of Mango Border Trade Export**1. The Buy process****1.1 Participate in Auction (see Appendix II: "As is" Business Process Mapping; 6.2.2. Mango)**

During harvest season, trucks depart daily from the fruit-growing areas or consolidation centers around Mandalay to the border. The mangos are transported directly to the auction center next to Mile 105, the trade zone in Muse, Myanmar. This is also the place where buyers (importers) and sellers (exporters) meet. The fruits are auctioned directly off the truck. The potential buyers can inspect the cargo by opening a few sample boxes. Competition among buyers and sellers is limited to only price and quantity.

Once a buyer wins the bid, both parties agree on the time and place of delivery and fix the deal with a "handshake". While there is no problem with handshaking-deals per se, it becomes problematic when one or both parties are not reliable. Contracts are not being signed because the Chinese refuse to accept written contracts. In addition, the lack of a dispute resolution mechanism and contract enforcement leads to situations where sellers are exposed to the risks listed in *Section 3.2.1 Overview of the Supply Chain*.

This process can be completed normally within one hour.

2. The Ship process

2.1 Arrange Land Transport to Auction Center (see Appendix II: “As is” Business Process Mapping; 6.2.2. Mango)

Normally, the shipping process starts with the exporter organizing sufficient mangos to fill a truck. Larger exporters (in terms of volume) often have their own plantation/farm and do not need to coordinate with others. Smaller volume growers bring their mangos to collection and consolidation points, collect from nearby farmers, or buy additional fruits from brokers/traders. In some cases, small farmers also deliver their goods to other exporter’s farm gates.⁸ The mangos are then sorted by quality and then packaged in carton boxes. Once the cargo is ready, the exporter requests the transporter to arrange a truck and loads the cartons. The size of the truck depends on the cargo volume. Typically, shipments vary between 150 boxes (4 wheeler-truck) to 800 boxes (12-wheeler truck). The transporter brings the mangos to the auction center (Myanmar Vegetables & Fruits Exporter of the producer association) at the border to sell the mangos.

This process takes around six hours, of which most of the time is needed to bring the cargo from the growing area to the auction center. The costs amount to approximately USD 3.50 (MMK 3,000) per box. This includes transportation, loading & unloading, labor for picking and packing, packaging, and the brokers fees.

2.2 Arrange Auction (see Appendix II: “As is” Business Process Mapping; 6.2.2. Mango)

As a first step, the exporter prepares the mangos by the different types. In the auction process, the fruits are sold by type and name of exporter, both of which are announced at the beginning of the process to inform all auction participants. While the exporters prepare their goods, all importers register at the auction gate to obtain an auction pass. The auction pass is a pre-requisite to take part in the auction process in order to protect the exporters. Before the auction starts, importers can inspect the fruits and assess the value of the goods. Based on that, they make offers throughout the bidding process. The highest bidder gets the sale. After the bidding process is completed, the exporter and importer agree on the offered price and complete the auction process. This includes agreeing on the place and time of delivery and the payment terms.

The whole process takes usually between four and five hours. The fee to use the auction facilities and broker the deal is 5% of the total value.

2.3 Apply for Export License (see Appendix II: “As is” Business Process Mapping; 6.2.2. Mango)

The main decision in this process is whether the exporter intends to use an agent (North-East Gate Fruit Co., Ltd.) or not.

(1) No agent is used

The exporter applies for an Export License and CusDec and follows the BTOS procedure (*see process 2.4 Enter BTOS Application*).

(2) Agent is used

⁸ This analysis assumes that all the mangos are ready for loading at the respective loading point.

The exporter requests the agent to apply on the exporter's behalf for an Export License as well as clearing the cargo at the Myanmar-China border. While the agent acknowledges the request, the exporter makes the payment for the service charges. Once the agent receives the payment, the agent follows the BTOS procedure.

In any case, filing the Export License application can be completed within two hours. The costs are

- Signboard fees: USD 1,600 (CNY 10,000)
The signboard fees have to be paid in order to secure a storage space in the auction center. These fees are paid annually.
- Agent fees and shelf fees: USD 0.06 (MMK 51) per box
The agent fees only occur if an agent is used and have to be paid to the North-East Gate Fruit Co., Ltd. The shelf fee is the fee to use the facilities of the auction center.

2.4 Enter BTOS Application (see Appendix II: "As is" Business Process Mapping; 6.2.2. Mango)

This process is initiated by the exporter (or representative) who prepares and submits the application for the Export License including necessary documents at the Public Internet Access Center (PIAC) of the Provincial Department of Commerce and Consumer Affairs, MOC. The documents submitted include

- Cover Letter (with company letterhead)
- Sales contract (original)
- Proforma invoice (original)
- Application form for Export License with PIAC registration
- Representative card (if the exporter assigns a representative)
- MMK 6 stamps
- Recommendation letters from concerned Ministries (if necessary)

The Export section, Department of Commerce and Consumer Affairs at the MOC reviews all submitted documents for their completeness and accuracy. If the documents meet all requirements, the Department of Commerce and Consumer Affairs issues the Export License and makes it available to the exporter.

Simultaneously, the Internal Revenue department, Ministry of Finance calculates the commercial tax. The commercial tax is presently 5% of the export value. The exporter must settle the payment of the commercial tax at the MCB. As soon as the MCB receives the money, the bank notifies the Internal Revenue department, who in turn, issues a payment receipt.

Once the payment receipt is issued, a representative of the Department of Commerce and Consumer Affairs starts with the data entry for the Export Declaration at the PIAC. Although the PIAC belongs institutionally to the MOC, data entry and data management is the responsibility of the Customs department. But since the Border Trade Online System (BTOS) is implemented by the MOC and currently no data entry terminal of Customs is available at the border, the MOC takes over the data entry process. The data is then submitted via an internet link.

The data file is then submitted electronically to Customs, where it is reviewed before the Export Declaration is printed. However, it should be noted, that Customs makes the final decision on whether an Export Declaration is issued or not.

An electronic Customs Export Declaration (e-Export Declaration) is also sent to the Department of Commerce and Consumer Affairs, who uses the data submitted by Customs to print the Manifest at the PIAC. Once the Manifest is issued, the Customs department physically inspects the cargo at the Customs yard. Currently, all trucks are checked by Customs, either physically or via an X-ray machine. The X-ray machine can scan up to 60 trucks per day; trucks with mixed cargo are always physically inspected. After the inspection, the Department of Commerce and Consumer Affairs updates the case file with the inspection results, issues the Export Declaration, and hands the printed Export Declaration to the exporter.

This process takes usually around one day. Costs associated with this process are the Border Trade Online System application fees of around USD 6 (MMK 5,000) as well as the commercial tax, presently 5% of cargo value.

2.5 Arrange Transport to China (see Appendix II: “As is” Business Process Mapping; 6.2.2. Mango)

This process starts with the transporter enquiring the address to discharge the cargo in China. The importer provides the address that normally is either a warehouse or a transshipment facility. The border area on the Chinese side offers both a free zone at Jiegao (for cargo that is not cleared by Chinese Customs yet) and Ruili (for Customs cleared cargo). The transporter discharges the mangos at the agreed place where it is either stored at a warehouse or transshipped onto another truck.

The time to arrange transport to China is roughly two hours. If the exporter uses an agent, only transport costs of USD 0.09 (MMK 80) per box occur. If the exporter chooses to handle the export process without agent, costs are usually higher.⁹

2.6 Border Crossing (see Appendix II: “As is” Business Process Mapping; 6.2.2. Mango)

For this process the exporter and the agent have to follow the same procedures.

To transport the mangos from the auction center to the *Kyae Kaung* border point, the exporter hires usually a small truck. The smaller trucks are used as they seem more appropriate for the smaller shipment sizes of the individual trader (compared to the consolidated shipments of the sellers)¹⁰, but allows also to declare the trade as border trade¹¹. Once the truck arrives at the auction center, the mangos are loaded onto the truck and delivered to *Kyae Kaung*. The exporter (or the agent) prepares the following required documents for the inspection of the mangos by Myanmar Customs:

- Export License
- Export Declaration
- Payment slip for Customs duties and taxes
- Vehicle inspection form

⁹ The research team was not able to obtain any further information on the costs as virtually all exporters use an agent (North-East Gate Fruit Co., Ltd.).

¹⁰ For the transport from Mandalay to the border often more farmers consolidate the mangos whereas each Chinese trader transports its cargo on a separate truck

¹¹ Border trade is the buying and selling of goods and services between firms/traders of neighboring countries. This trade often enjoys preferential treatment in terms of taxes and/or duties but a ceiling (value, volume) applies.

The Customs officer first checks the documents and then inspects the cargo. The documents include the Export License, Export Declaration, payment slip for Customs duties and taxes, and a form for the inspection of the vehicle from the Motor Vehicle Inspection unit of the Road Transport Administration. Additionally, the exporter has to sign that only the items given on the Export Declaration are exported. If caught exporting additional goods (e.g. additional goods or spare parts for the truck/car) the exporter will be prosecuted according to applicable laws. This declaration is necessary because the Customs point in Myanmar (Mile 105) is 12 km from the actual border and in between the exporter could load additional cargo without the Customs' notice.

If all documents and cargo meet the aforementioned requirements, the truck is allowed to pass through the border checkpoint. Subsequently, a representative of the Ministry of Rail inspects the vehicle, particularly the truck engine number in order to prevent replacing engines in China and/or the illegal import of truck spare parts.

Once the Myanmar border procedure is completed, the transporter proceeds to the Chinese border. The exporter (or agent) applies for an Import License at the Chinese Customs and the Chinese Customs issues the license based on their regulations. Once this step is completed, the transporter may transport the goods to the agreed warehouse/transshipment facility in Jiegao or Ruili.

This process can be completed within two hours. There are no additional costs beyond what is covered in process 2.5 Arrange Transport to China (USD 0.09 (MMK 80) per box of mangos).

3. The Pay process

3.1 Make payment (see Appendix II: "As is" Business Process Mapping; 6.2.2. Mango)

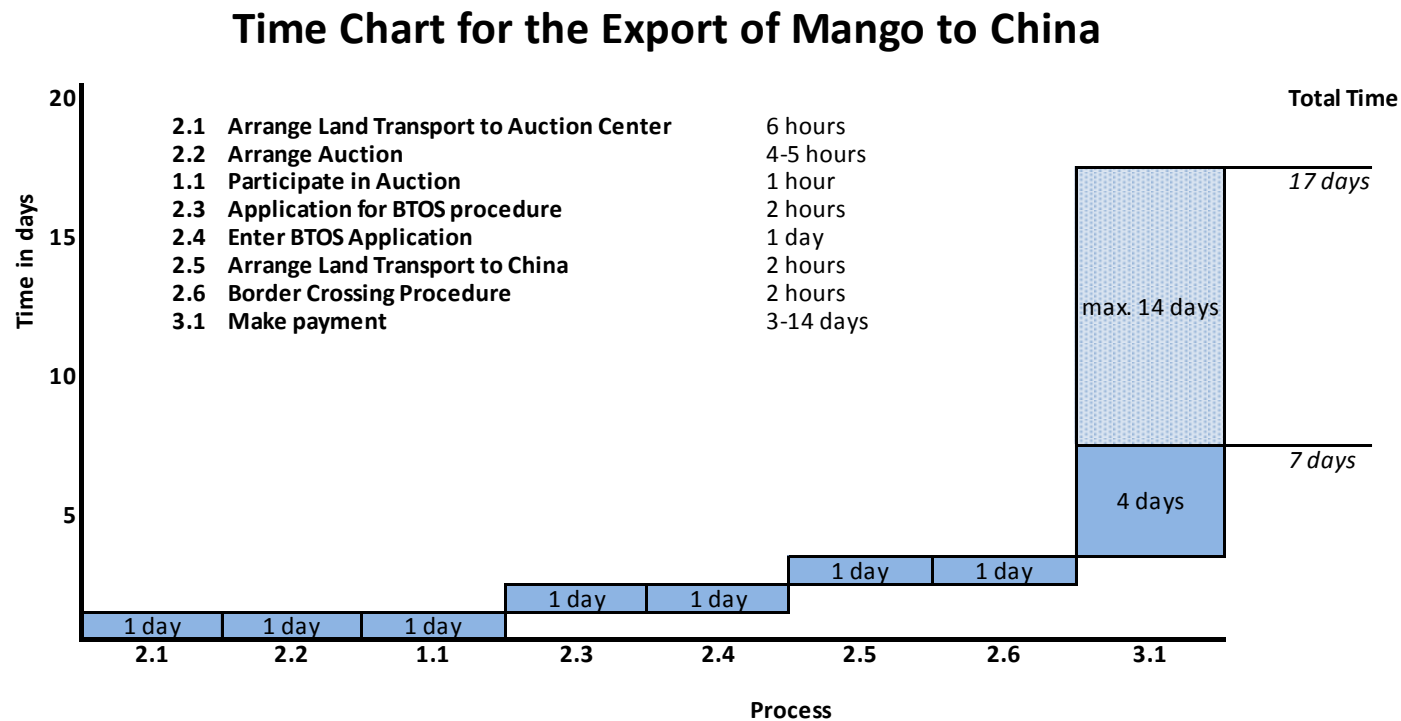
The payment for the goods usually happens between a few days and up to a few weeks after the delivery. Payment is done in cash at *Muse*. But since there are no contracts at the auction center sales, there is no effective enforcement mechanism.

For completeness, a graph for this process has been drawn although there is no regular pattern how the payment process is done.

3.2.3. Summary of Findings

A graphical illustration of the time required at each process can be found in the following Figure 5:

Figure 5: Graphical Overview of the Time Required to Export Mangoes to China

**Assumptions:**

- Cargo is ready to load at the exporters premises
- Cash payment minimum four days (up to max. 14 days)

3.3. Analysis of Palm Oil Imports from Malaysia to Myanmar

3.3.1. Overview of the Supply Chain

The majority of palm oil in Myanmar is imported from Malaysia with some smaller quantities from Indonesia and Thailand. The average shipment size varies from 3,000-4,500 tons with an average value of USD 3-4.5 million. However, no ship larger than 4,500 tons can enter the river because of the present draft of 8 meters. Palm oil is imported by three major importers (private and public-private) in Myanmar.

Palm oil from Malaysia and Indonesia is only imported via the Yangon port on time contracts with more or less fixed delivery dates and volumes. The tank facilities to discharge are located at the inner port, close to the city center. The total tank storage capacity in Myanmar is 17,000 tons of which the three major importers have 13,000.

The lead time to transport the cargo from Malaysia is five days and the freight rate from Malaysia is on average USD 25 per ton. As palm oil is sold on CIF basis, the seller determines the whole inbound supply chain from the farm to the Yangon port. The shipment of palm oil starts as soon as the import license and letter of credit are in place. Both processes take roughly two days each. Therefore, the minimum time required after signing the contract is nine days (including five days of shipping) although in reality importers are not able to complete all transactions within this time frame. The average time to complete all processes (completing the paper work in both countries, shipping, and discharging the cargo into the tank) is between three weeks and one month.

Discharging at Yangon port is relatively fast – a ship loaded with 3,000 metric tons can be offloaded within two days (30 hours). Nevertheless, the discharging operation is considered expensive because of high berthing charges (the berths belong to the container port and not to the storage tank owners). Palm oil is directly pumped into the storage tanks. Losses during discharging are between 0.5%-0.7% or up to 32 tons per shipment. Most losses have to be borne by the buyer as the insurance only covers losses of more than 1%.

Consumers of the palm oil value clear and fresh palm oil. If the oil is cloudy, tank storage owners have the possibility to heat the palm oil to enhance the quality. Cloudy oil requires a discount of 0.7-1% while the heating costs are also around 0.7-1%. Palm oil is best if consumed within three months.

Palm oil is sold to local traders via filling machines on the tank. Each filling machine can fill a drum within one minute and it takes roughly 7-10 days to sell a whole storage tank. The selling price for a metric ton of palm oil in bulk is approximately USD 850, if sold in a drum it is USD 950. The importers sell off their palm oil immediately whereas traders take advantage of price fluctuations.

Local buyers, mostly wholesalers and retailers, are responsible for the distribution ex-tank and, therefore, organize the outbound supply chain. All sales are concluded on the spot and long-term contracts do not exist. The average size sold to wholesalers/retailers is roughly between 10-150 drums. The larger shipments are sold to Mandalay or other long distance locations while local distributors only buy in small quantities. For long-distance distribution, they use big trucks with a loading capacity of 150 drums. Small, light trucks are used for local distribution in and around Yangon with 60 drums per truck. Small cars hold up to five drums. To buy the palm oil from the tanks, buyers have to bring their own drums/containers into which the palm oil is filled.

Peak season for palm oil supply are the months of April, October, and December. But the import volume depends on the storage capacity at the time because the oil can only be pumped into an empty storage tank and not mixed with remaining oil in the tank. To ensure cleanliness of the tank, MITS together with the importer and tank owner carry out a joint inspection.

Since supplies are scheduled in advance and sales on the spot, tank owners have difficulties balancing their stock. At times ships have to wait up to one month until there is again space in the storage tanks as remaining oil cannot be mixed with new one. The quality of the oil can be sacrificed during discharging e.g. if using old pipes etc. or if waiting times at sea are very long and rain gets into the oil. In addition, there are penalty fees to be paid to the exporter (exporter arranges ocean freight with CIF). The delay fees are USD 1 per ton per day. Hence, delay fees can be extremely high (up to USD 90,000 for a ship with 3,000 tons of palm oil and a delay of 30 days). In addition, delays in the discharging process lead to penalty fees (e.g. if the discharging is below 100 tons per hour).

3.3.2. Business Process Analysis

The most common terms of sale used is CIF (Cost, Insurance, Freight), meaning that the responsibility and ownership of the cargo transfers to the buyer only once the vessel arrives at the port.

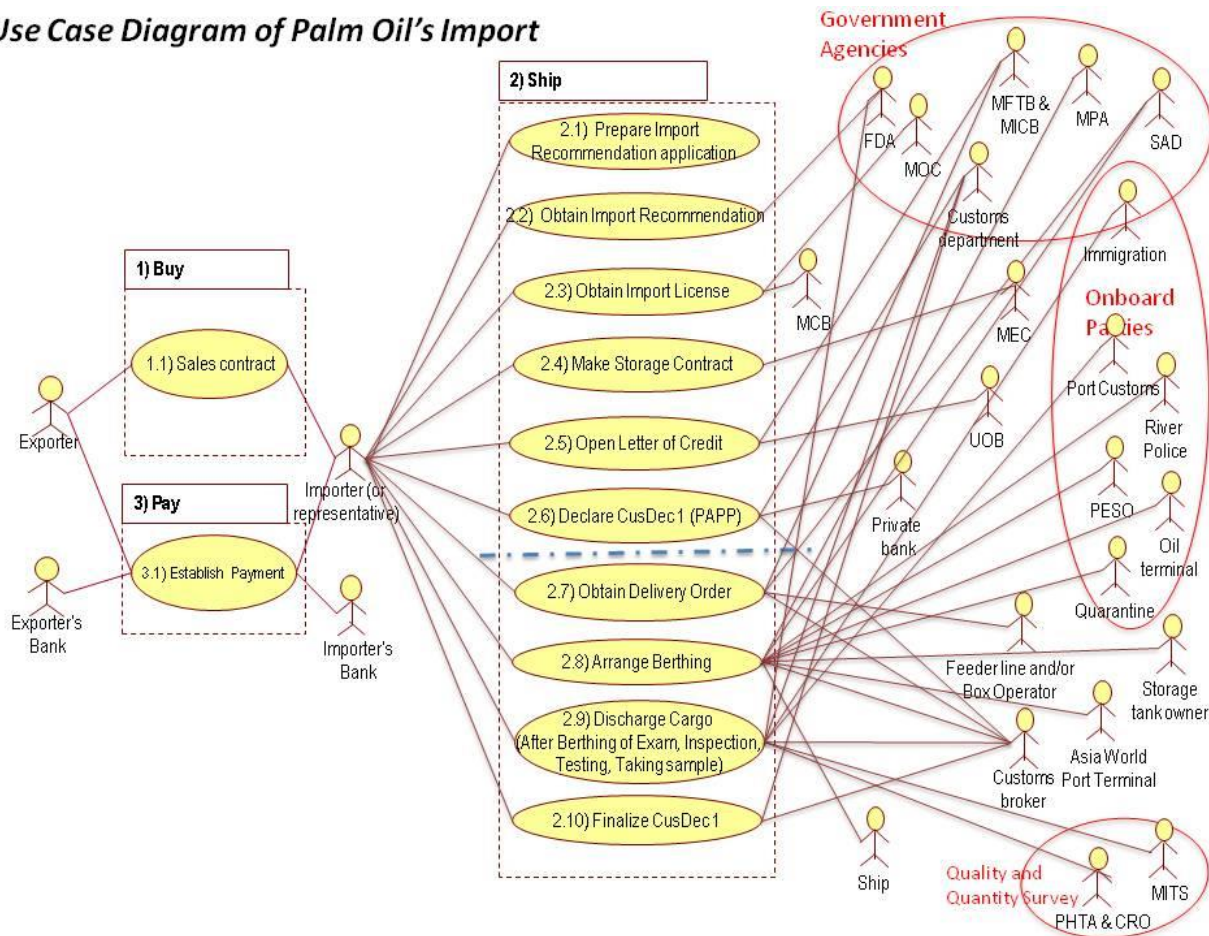
To import palm oil, importers still need an import license. The import license, issued by the MOC, restricts both the quantity and value of the cargo with a tolerance of +/-15%. The minimum quantity is 3,000 tons (the size of one full ship). The license is valid for three months. Partial shipments are possible but rarely utilized in practice.

In addition, palm oil is one of the few commodities where the PAPP (Pre-Arrival Processing Procedure) system can be used. Generally, the PAPP system allows paying import duties in advance of cargo arrival. It can only be used for import cargo where duties can be easily computed and monitored by the authorities. The PAPP system complies with WCO format.

Figure 6 shows the steps involved to import palm oil from Malaysia into Myanmar.

Figure 6: Use Case Diagram for the Import of Palm Oil from Malaysia to Myanmar

Use Case Diagram of Palm Oil's Import



"Onboard parties" refers to all agencies that enter the ship in the port to fulfill their respective functions. The dotted blue line separates processes prior to vessel arrival and after the ship moored at the palm oil terminal.

1. The Buy Process

1.1 Conclude sales contract (see Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil)

The Myanmar importer and Malaysian seller conclude the sales contract. The sales contract between the two parties is either signed in the exporter's representative office in Yangon or sent via courier. The process is started by the importer requesting a quotation from potential exporters. Once the importer receives the quotations, the importer reviews the price and sales terms. If the terms are not acceptable, the importer negotiates the price and/or sales conditions. If the quoted price and sales terms are acceptable, the importer confirms the purchase of goods with a purchase order. The exporter acknowledges the receipt of the purchase order and confirms that the palm oil will be delivered according to the agreed price and sales terms by sending the importer a proforma invoice. In addition, the exporter prepares the delivery of goods. The importer receives the proforma invoice.

The time it takes to negotiate a sales contract takes normally one day but varies in practice (up to a few days). In the sales contract both parties determine, among other things, price, quantity, quality, time of shipment and payment. The exporter has usually its own palm oil storage tank and loading facilities (e.g. Parsi Gudaung Palm Oil Port Malaysia). The shipment is arranged based on the agreed date of shipment in the sales contract. The ship is hired either by voyage or on a time-charter basis.

2. The Ship Process

2.1 Prepare Import Recommendation Application (see Appendix II: “As is” Business Process Mapping; 6.2.3. Palm Oil)

The import recommendation process is the first step in the import process. It is in fact a pre-approval to ensure that the goods imported fulfill health requirements in Myanmar. The importer (or representative) applies for the import recommendation only once the sales contract is concluded and if the importer does not have already an import recommendation. The import recommendation for palm oil is valid up to one year and does not need to be obtained again if the product specifications and supplier are the same.

In order to prepare for the application, the importer needs from the exporter the following:

- Health certificate of the originating country (copy)
- Certificate of Analysis (copy)
- Exporter’s factory registration or the manufacturing license (copy)
- Certificate of specification
- Palm oil sample (3 liters)

All documents and the sample are sent via courier service. There are no costs incurred in this step (the exporter pays for the courier service). The whole process takes normally two days.

2.2 Obtain Import Recommendation (see Appendix II: “As is” Business Process Mapping; 6.2.3. Palm Oil)

Once the importer obtained all documents and the product sample (three liters) from the exporter, the import recommendation process can be started.

For the import recommendation application the importer needs to submit the following:

- Cover letter
- Application form
- Certificate of Analysis (copy)
- Factory/manufacturing license of the exporter (copy)
- Certificate of Specification
- Company registration and import registration
- Health certificate of the originating country (copy)
- Palm oil sample (3 liters)

Once the documents and 3-liter sample are submitted to the Food and Drug Administration (FDA), the FDA reviews all documents and officially accepts the application if the documents are complete and filled out correctly. The FDA then issues a payment order. The importer pays directly to FDA. Once the payment is completed, the product sample is tested. Simultaneously, the documents are sent by the FDA

from Yangon to Nay Pyi Taw to obtain the signature of an FDA officer. Once the documents arrive back in Yangon and the sample passes all health requirements, the FDA issues the import recommendation certificate, which can be collected at the FDA by the importer.

The whole process currently takes four days but previously it took 14 days. Most of the delay occurs because the documents need to be sent to Nay Pyi Taw to obtain the FDA's officer signature. In addition, the testing service is not available on weekends. The costs for this process are USD 47 (MMK 40,000). However, anecdotal information suggest that there are instances of some informal payments at this stage.¹² The costs also cover the expenses for the test. The test itself is carried out in Yangon.

2.3 Obtain Import License (see Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil)

Before palm oil can be imported, an Import License needs to be obtained. To apply for an import license, the importer (or a representative) can submit an online application via Myanmar Trade Net at the PAC of the MOC. All documents required for the application are also submitted to the PAC. Those documents are:

- Cover letter
- Sales contract (original) or pro-forma invoice (original)
- Statement of usage
- FDA import recommendation
- Health certificate from the exporting country
- Representative card

The application and required documents are then reviewed by representatives of the MOC for their accuracy and completeness. If the documents are complete and accurate, an e-payment order is issued to make the payment at the MCB. Once the importer completed the payment, the bank notifies the MOC of the receipt of the money. As soon as the MOC receives the payment notification, it issues a hard copy of the online application submitted to the PAC and makes it available to the importer, who in turn, brings the documents to the Import section of the MOC located in Nay Pyi Taw. The Import section assesses the current market price of the products, based on records of the Myanmar Edible Oil Association, to minimize undervaluation and duty fraud by the importer. The Myanmar Edible Oil Association sends therefore market prices twice a week to the respective section. If no objections, the importer pays the Import License fees via e-payment. Once the MOC receives notification about the payment from MCB, the Import section will issue the Import License. The Import License can then be collected by the importer (or a representative).

A challenge for exporters has been for a long time to alter the Import License (e.g. change amount of cargo, etc.). The Government has recently improved the process and changes to the license can be made fairly quickly (two days) although the procedure is still very complicated.

The whole Import License application process takes on average three days. The costs for the application are approximately USD 6 (MMK 5,000) plus a fee for the actual Import License. The fee for the license is minimum USD 58 (MMK 50,000) but depends on the import value. Both payments are made on two separate occasions. The minimum quantity of an import license is presently 3,000 tons. Additionally, the importer incurs costs of USD 70 (MMK 60,000) for the transport from Yangon to Nay Pyi Taw.

¹² The study team was not able to determine what payments were formal and which ones were informal.

2.4 Conclude storage contract (see Appendix II: “As is” Business Process Mapping; 6.2.3. Palm Oil)

In order to import palm oil, an empty storage tank must be available. To ensure the availability of an empty storage tank, the importer sends an enquiry to the tank owner. If an empty storage tank is available, the tank owner sends the contract terms to the importer for review. If the importer accepts the contract terms, the storage contract is signed between the oil tank owner and the importer.

This step takes around five hours and can be carried out in parallel with the previous step (2.3) if the exporter has the estimated time of arrival from the ship.

2.5 Opening letter of credit (see Appendix II: “As is” Business Process Mapping; 6.2.3. Palm Oil)

Once the storage contract is concluded, the importer starts to apply for a letter of credit at his bank (importer's bank). In Myanmar there are presently two banks offering letters of credit (MICB & MFTB). To complete the application, the following documents are needed:

- Cover letter
- Application form
- Import License
- Sales contract or proforma invoice
- Bank Book (copy)

The importer's bank carefully reviews the submitted documents and evaluates the importer's credit standing. If the importer's bank finds both acceptable, it issues the letter of credit and forwards it to the corresponding exporter's bank (in most cases the exporter's bank is UOB located in Singapore). The exporter's bank also reviews the documents carefully, and once it accepts the terms and conditions, it forwards the letter of credit to the exporter. If the exporter's bank is not in agreement, it returns the proposed letter of credit to the importer's bank.

Once the exporter accepts the letter of credit, the exporter informs the exporter's bank who will notify the importer's bank. It is important to note, that the importer's bank does not actually inform the importer at this point. Simultaneously, the exporter starts to dispatch the palm oil and commences with the preparation/negotiation of the shipping documents such as

- Bill of Lading
- Commercial invoice
- Health certificate
- Packing list

The shipping documents are then submitted to the exporter's bank, who will carefully review if the shipping documents meet all terms and conditions as laid out in the letter of credit. If all requirements are met, the exporter's bank transfers the shipping documents to the importer's bank that too will scrutinize the shipping documents. If there are no discrepancies between the shipping documents and the terms and conditions of the letter of credit, the importer's bank will automatically process the payment to the exporter's bank. Simultaneously, the shipping documents are forwarded to the importer. The exporter's bank releases the payment as soon as it is received.

This process presents a major challenge for importers as it is strongly linked to the Import License. For example, the amount (tons of cargo) mentioned in the letter of credit must correspond to the amount in the Import License. This poses a problem for exporters as they have difficulties contracting a vessel that carries exactly the amount mentioned in the license and letter of credit. In case the delivery of cargo is less than in the license/letter of credit, the payment cannot be cleared as the conditions for payment are not fulfilled.

The whole process takes seven to ten days, depending on the sales contract as well as the time when the cargo is actually shipped. The breakdown of the required time is depicted in Table 2:

Table 2: Breakdown of the Time Required to Obtain a Letter of Credit/Conclude Payment

- Importer applies for a LC at the importer's bank	1 day
- Importer's bank reviews all submitted documents and evaluates importer's credit standing.	1 day
- Importer's bank approves the application, issues LC and forwards it to the exporter's bank (advising bank).	
- Exporter's bank receives the LC from his bank and reviews all the terms and conditions	
- Exporter receives notification of the LC	1 day
- Importer's bank receives and examines the shipping documents. If the documents meet the conditions of the LC, they are released to the importer.	1 day
- Importer's bank receives acceptance of the Letter of Credit	
- The importer's bank makes the payment to the exporter's bank (credit).	1 day
- The importer provides the shipping documents to the importer	
- Exporter's bank receives payment (credit) notification from importer's bank	2 days

The fee for the whole process is 0.125% of the invoiced amount plus the equivalent of EUR 50 although the bank only accepts USD. The fee is stated in EUR, rather than USD, because of the present sanctions on financial transactions in place by the United States. There is no maximum amount for this process.

The shipment of palm oil can start once the import license and letter of credit are in place. Both processes take roughly two days each. The actual shipping takes around five days. Therefore, the minimum time required after signing the contract is nine days although in reality importers are not able to complete all transactions within this time frame.

2.6 Declare CusDec1 (see Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil)

The Customs Declaration is prepared once the cargo is dispatched onto the ship but before the vessel's arrival at the destination port. The Customs Declaration form for imports is called CusDec 1.

The process is started by the importer (or representative) by preparing the online application at the PIAC of the Customs department. Once the online application is submitted a Customs officer reviews the application for its accuracy and completeness at the PIAC. If all information is found correct, the application is printed and handed to the importer. Once the importer receives the hard copy, the importer adds the following documents (one set of the Import Declaration CusDec 1 consists of four copies – green, blue, brown, and black):

- Cover Letter for the Pre-Arrival Processing Procedure (PAPP) and Direct Delivery,

- Customs Declaration (CusDec 1) (submitted through the PAPP directly to the Central Registration section),
- Online application form (hard copy of PAPP application form),
- Import License (copy),
- Bill of Lading (copy),
- Commercial invoice (copy),
- Packing list (copy),
- Certificate of Origin (copy).

At this point, only a copy of the Bill of Lading is required. The original needs to be submitted when the CusDec process is finalized and the importer receives the Bill of Lading from his bank (see process 2.12).

At Customs, the documents have to pass through six different sections and departments. The Import section of the Customs department determines if the submitted documents meet all requirements in terms of document completeness and the Central Registration section provides a Central Registration Number. Subsequently, the documents (without the Bill of Lading) are sent back to the Import section for noting. Then the Classification section registers the cargo by HS code. In the next step a Principal Appraisal from the Valuation section calculates and records the Customs duties and the Assessment department verifies whether for the imported goods exists and import restriction or other trade rules and regulations. The Import section then compiles related statistics such as trade volume, value, etc.

The importer then receives a payment order for the Customs duty and commercial tax, based on the value provided in the Import Declaration. The importer then visits a bank which issues the payment order and the importer pays the Customs duty and commercial tax into the Customs' bank account. Once the payment is completed, the bank issues the payment receipt and notifies the Cash Account section of Customs about the received payment.

The Cash Account section acknowledges the received payment. The receipt of the payment initiates also the final step of the process where the case file receives a Customs seal and is handed over to the importer. The importer then brings the sealed case file to the Customs at the port.

The whole process takes in total only two hours. The costs occurred within the process depend on the import value as the commercial tax (5%) and the Customs duties (5%) are calculated based on the value of the cargo. The bank charges (0.1%) are based on the Customs duties with a ceiling of around USD 35 (MMK 30,000).

2.7 Obtain delivery order (see Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil)

A delivery order can be obtained with or without the original Bill of Lading. However, the process slightly differs. In the following, both processes are mapped:

A) Obtain Delivery Order (with original Bill of Lading)

If the importer has already the original Bill of Lading document, the process starts with the importer preparing the documents. The following documents are needed:

- Cover letter
- Bill of Lading (original)

- Special power letter (this letter authorizes the agent to complete all formalities on behalf of the importer – it is only needed if the importer appoints a representative)
- National Registration Card of Agent and Principal

The documents are then submitted to the SAD, which carefully scrutinizes the documents for their completeness and accuracy. If the submitted documents meet the requirements, the Assistant Manager at the SAD signs them and adds a seal on the Delivery Order. It can then be collected by the importer.

The whole process takes around two hours and there are no costs incurred.

B) Obtain Delivery Order (without original Bill of Lading)

An important difference to the process above (with the original Bill of Lading document) is that a bank guarantee is needed if the importer cannot present the original Bill of Lading at the time of vessel arrival. This can occur if the documents from the exporter's bank (see Process 2.5 Opening letter of credit) are delayed, for example if the transport time of the ship is particularly short or if there are delays in the exporter's bank procedures/courier service. In that case, the importer can request a bank guarantee from the importer's bank. The bank issues such guarantees under two conditions:

- The importer imports on a regular basis (and therefore built a history with the bank); and
- The importer has an open letter of credit for this shipment at the bank.

Once the importer receives the bank guarantee, the importer can start preparing the documents needed for a Delivery Order application. The documents needed are as follows:

- Cover letter
- Letter of Indemnity (bank guarantee)
- Bill of Lading (copy)
- Special Power letter (this letter authorizes the agent to complete all formalities on behalf of the importer – it is only needed if the importer appoints a representative)
- National Registration Card of Agent and Principal

The importer submits all documents to the SAD which scrutinizes the submitted documents for their completeness and accuracy. If all documents meet the requirements, the SAD sends a request to the carrier (or representative) to issue a Tele-Delivery Order. Once the carrier (or representative) issues the Tele-Delivery Order and sends it to the SAD, the Assistant Manager signs the documents and adds a seal on the Delivery Order. The Delivery Order can then be collected by the Importer.

The whole process takes around four days with no costs incurred. Therefore, not having the original Bill of Lading significantly delays the process (by around four days).

2.8 Arrange Berthing (see Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil)

The process to arrange berthing of the vessel starts with the importer sending an enquiry to all three storage tank owners at the port (Diamond Dragon, Htoo Trading and MEC) as cargo is always distributed among all three tank owners. Before the cargo can be discharged from the vessel, sufficient storage space needs to be available and the respective tanks empty. It is not possible to mix oils from different shipments within one tank even though they might be from the same exporter. If storage space is available, the tank owners issue a Storage Tank Permission Letter.

Simultaneously, the importer requests the MPA to arrange berthing once the notice of vessel arrival and the Storage Tank Permission Letter has been received. The SAD is a public shipping agency and its engagement is mandatory. In addition, the importer prepares the necessary documentation to arrange berthing of the vessel. This includes the following documents:

- Application letter (for berthing)
- Storage Tank Permission Letter
- Delivery Order

The documents are then submitted to the MPA. Once the MPA receives the estimated arrival time of the ship, MPA checks the disbursement account. This document is an estimated fee calculation (*see document in Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil*).

Simultaneously the importer pays the charges for wharfage and conservancy to the MPA and Asia World Port Terminal. Conservancy fees are charged to every vessel entering, leaving or using the port and wharfage charges are assessed by a shipping terminal or port when goods are moved through the location. Both charges are based on the import value (as stated in the invoice) and cargo volume.

Once the disbursement account form is completed, MPA issues a tender notice of readiness for discharging and declares the ship arrival on the berthing list. Next, MPA issues the berthing permit and submits it to the SAD. The berthing permit is the permission for a local pilot to board the vessel. Following, MPA arranges a pilot to assist the ship with navigation into the port. At present, it is mandatory to engage a local pilot. The pilot boards the vessel at what is commonly referred to as the "Monkey Point".

While the SAD receives the berthing permit, simultaneously the ship (master) prepares all relevant documents for the arrival of the vessel. The documents prepared by the master are the following:

- Last port clearance
- Bill of Lading (copy)/Import Cargo Manifest/Stowage plan
- Ship's particular
- Ship's general declaration
- Crew list
- Ship's stores declaration
- Cargo declaration
- Crew's effects declaration
- Passenger list
- Dangerous goods manifest (if any)
- Arms and ammunition list
- Maritime declaration of health
- Vaccination list
- Port itinerary list

Once the ship is berthed at the Htee Ten palm oil terminal, the SAD receives and checks the ship's documents as well as checks the cargo documents of the consignee/shipper.

It takes normally two days to complete the whole process. However, the greatest uncertainty in the whole process is the availability of sufficient storage space when the vessel arrives at the port. In some cases, it can take up to 30 days until a storage tank is available as palm oil is sold right from the storage tank without an intermediary storage space. Hence, if palm oil sales are slow it can delay the import process. The costs within the process are USD 3/ton for wharfage (payment made to Asia World Port Terminal) and USD 0.02 (MMK 25)/ton for conservancy (payment made to MPA). For a shipment size of 3,000-4,500 tons, wharfage comes to USD 9,000-13,500 and around USD 88-132 (MMK 75,000-112,500) for conservancy. However, compared to those costs, the costs associated with any delay in discharging are exorbitantly high. For example, the penalty fees for delays in the discharging costs the importer USD 1/per ton/per day to compensate the exporter for the higher shipping costs (since shipment terms are mandatory CIF). At a shipment of 3,000 tons, this amounts to USD 3,000 per day or USD 90,000 for 30 days.

2.9 Examine, Take Sample, Inspect, Test and Discharge Cargo (see Appendix II: "As is" Business Process Mapping; 6.2.3. Palm Oil)

In order to start the process the importer (or representative) must have requested a berthing permit for the ship. As a first step, the importer delivers the case file with the break bulk order to the Customs at the port. Simultaneously, the importer requests the inspection and testing of the cargo to the MITS as well as MSTRD/PHTA.

For the inspections, there are four types agencies involved:

- Myanmar Inspection and Testing Service (MITS): Takes the sample
- Food and Drug Administration (FDA): Issues Fit for Human Consumption Certificate
- Post Harvest Technology Application (PHTA): Tests for Free Fatty Acid (FFA), Cloud point, Iodine value, rancidity
- Myanmar Science & Technology Research Department (MSTRD): Confirmation of palm oil specification standard

Institutionally, the FDA is located under the Ministry of Health while the MITS is the authorized inspector of the MOC. MSTRD and PHTA are independent agencies. Table 3 lists each of these different document requirements for each examinations/ testing/inspection:

Table 3: Documents Required by Examination/Testing/Inspection Service

Myanmar Inspection and Testing Service (MITS)	Food and Drug Administration (FDA)	Myanmar Science & Technology Research Department/Post Harvest Technology Application (MSTRD/PHTA)
<ul style="list-style-type: none"> - Cover letter - Application form - Commercial invoice (copy) - Packing list (copy) - Import License (copy) - Import Recommendation 	<ul style="list-style-type: none"> - Application form - Certificate of Analysis (copy) - Health certificate from exporter - Certificate of Specification - Bill of Lading - Commercial invoice - Packing list - Import License (copy) - Sample (3 units) 	<ul style="list-style-type: none"> - Application for the Certificate of Testing

Once the Customs department at the port received the case file from the importer, it starts the inspection of the cargo on the vessel and determines whether the cargo matches the information provided in the case file. While the cargo is inspected, MITS takes a draft survey (quality of the oil such as Cloud Point, Iodine value, Rancidity, etc.) of the cargo and inspects the storage tank(s) for cleanliness (tanks must be dry and cleaned) together with the tank owner. If all inspection results are satisfactory (of the cargo and the storage tank), MITS issues an Inspection Certificate. A Customs officers signs the MITS certificate before the palm oil sample is sent via the importer (or representative) to the Myanmar Science & Technology Research Department (MSTRD), Post-Harvest Technology Application (PHTA), and the Food and Drug Administration (FDA). The FDA requires in total twelve bottles to conduct their testing as the cargo is always distributed among all three tank owners (four bottles from each tank owner). Meanwhile, the Customs department eventually releases the cargo and allows discharging of the palm oil into the storage tank. The discharging process is relatively efficient with around 100 tons per hour and, therefore, takes around 30-45 hours. If discharging operations are slower than the 100 tons per hour, a penalty may apply.¹³ In addition to the mandatory samples, the importers take tests by themselves at every hour of discharging. Once the cargo is discharged and the sample for MSTRD/PHTA and FDA is taken, the tank bar is sealed by MITS.

Box 2: The timeline from a recent test example (before it was expedited):

Arrival of shipment: 23.9.2012

Discharging: 26.9.2012

Test result issued: 4.10.2012

Test result received: 6.10.2012

Simultaneously to the MITS and Customs inspections, the importers submit an application form for testing to the MSTRD, PHTA, and the FDA. Each organization reviews the respective application (and attached documents in the case of FDA). Once the samples arrive from the MITS (see above), FDA, MSTRD, and PHTA conduct their respective tests. The tests conducted by MSTRD test for the cloud-point level and color. The PHTA and FDA check whether the cargo is good for human consumption. Once the test results are available, MSTRD and PHTA issue their respective certificates and make them available to the importer. Similarly, the FDA sends the test results by fax to the MITS and issues for the importer the Fit for Human Consumption Certificate. If the test results are satisfactory, MITS releases the seal from the tank bar and the palm oil can be distributed. The sales of the fresh palm oil can only commence once the Fit for Human Consumption Certificate has been issued.

According to importers, the certificates of MSTRD/PHTA are issued after one day while the certificate of FDA takes around four days. Therefore, to complete the whole process around four days are needed. This is a tremendous improvement from the previous 14 days it still took in the beginning of 2013 (see

¹³ The ship must be completely discharged within five days of the note of readiness from the vessel, which is based on a - discharging speed of 100 tons/hour. This is regulated in the contract as the exporter is responsible for the shipment of the palm oil (and therefore for the shipping charges). Delay in the discharging results in longer vessel hire and higher costs for the exporter. Losses tolerated during discharging are 1% of the total volume, e.g. 30 tons of a 3,000 tons shipment.

Box 2).¹⁴ However, if supply of palm oil in Myanmar is running low, MITS can release the cargo (removal of the seal to allow distribution) with only the PHTA certificate (without the FDA and MSTRD certifications). Standard practice, however, is to wait until all certificates are obtained by the importer. The total costs of this procedure are MMK 0.60 per viss (1.6 kg) or USD 0.43 (MMK 367) per ton. This includes the fees for all three test procedures (MSTRD, PHTA, and FDA). Thus, for a shipment of 3,000 tons the total costs amount to roughly USD 1,300. The test fees are all collected by MITS when the draft survey is taken.

2.10 Finalize CusDec 1 (see Appendix II: “As is” Business Process Mapping; 6.2.3. Palm Oil)

In order to finalize the Customs Declaration process, the importer has to submit a final set of documents to the Customs department. The following documents have to be submitted:

- Completed CusDec 1 form
- Import License (original)
- Bill of Lading (original)
- Bill of Exchange (original)
- Commercial invoice (original)
- Packing list (original)
- Certificate of Origin (original)
- FDA certificate (original)

The Customs department receives the above documents from the importer as well as, after the inspection of the cargo in the port has been completed, the case file from onboard Customs. Once the documents are received from both, the complete set of documents is sent to the Noting section that reconciles all documents with the PAPP documents. A final assessment of the case file is then conducted by a senior Customs officer before the case file is closed and the CusDec 1 letter is issued and provided to the importer. The CusDec 1 Letter also marks the final Customs approval.

The whole process of finalizing the CusDec 1 takes around two hours and there are no costs incurred.

3. The Pay Process

3.1 Conclude payment

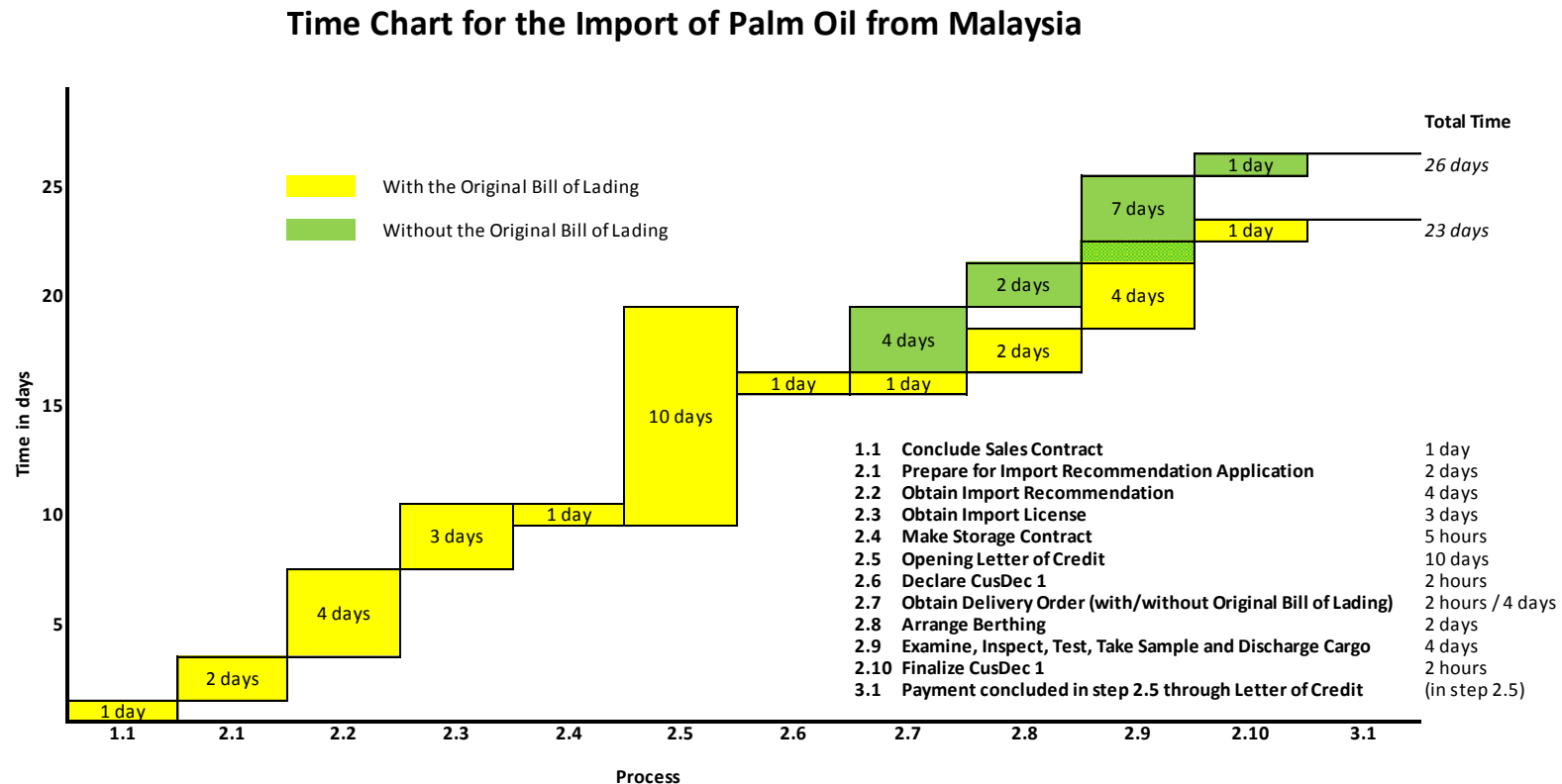
Once each party (buyer and seller) has fulfilled its commitments (seller: sending the shipping documents; buyer: making the payment), the pay-process is considered completed. Since the money and document transfers are across two countries, it can take up to ten days. Payment for the palm oil is concluded in process 2.5 *Opening Letter of Credit*. Therefore, no extra graph is drawn for the pay-process.

3.3.3. Summary of Findings

A graphical illustration of the time required at each process can be found in the following figure 7:

¹⁴ The delay occurred mainly due to the limited number of (i) facilities, (ii) equipment, and (iii) staffing. The laboratories are not privatized.

Figure 7: Graphical Summary of the Time Required to Import Palm Oil from Malaysia



4. Recommendations

The following section provides both general as well as product-specific recommendations to facilitate trade in Myanmar. The proposed recommendations aim to (a) facilitating trade by simplifying processes and procedures, and (b) strengthening the supply chain and, thereby, improving Myanmar's ability to participate in global trade. Particularly the section on facilitating trade by simplifying processes and procedures addresses constraints and bottlenecks identified in the above business process analysis.

The recommendations respond directly to specific business processes and, where possible, provide information on benefits/reductions in terms of number of documents required, time (in days), or costs (in USD). However, in many cases quantification of these benefits is not possible or would not do justice to their importance. For example, introducing an electronic communication system will not necessarily reduce the number of documents but may reduce the number of copies needed or expedite interaction between stakeholders. The recommendations are complemented at times with suggestions that would generally improve the overall trading environment and, thus, competitiveness.

It is important to note that not all recommendations enjoy the same priority and the recommendations need to be carefully sequenced. Therefore, a section on prioritization and options for implementation is included.

4.1.Rice

4.1.1. Facilitate Trade by Simplifying Processes and Procedures

Process	Recommendation	Benefits /Reduction of		
		Docs (No)	Time (Days)	Costs (USD)
1.1) Conclude sales contract	-			
2.1) Make advance payment	<ul style="list-style-type: none"> - Introduce e-banking to facilitate payment - Reduce administrative requirements in payment procedures e.g. <ul style="list-style-type: none"> • Eliminate unnecessary forms (application letter, export letter with bank seal) • Reduce process steps • Eliminate hard copies 	2		
3.1) Obtain Export License	<ul style="list-style-type: none"> - Eliminate export license altogether <p><i>(If eliminating the Export License is not a policy option, simplifying the procedure for amending the Export License needs to be considered. At present, amending the License as well as other documents is difficult and takes almost as long as applying for a new Export License despite all necessary documents have already been submitted when obtaining it)</i></p>	<5	1	75
3.2) Arrange shipping (maritime)	-			
3.3) Arrange pre-inspection	- Eliminate this process step unless buyer requests a tested sample	4	1	21
3.4) Declare CusDec 2	<ul style="list-style-type: none"> - Introduce e-banking to facilitate payment - Reduce internal process steps within the Customs department (this may require an internal restructuring) - Introduce IT in internal processing of exports to enable the simultaneous review/approval of an export document 			
3.5) Terminal procedure and Customs exam at port	<ul style="list-style-type: none"> - Introduce a port EDI system to provide seamless and instant communication between all actors involved in this process - Reduce administrative requirements in terminal and Customs procedure e.g. <ul style="list-style-type: none"> • Eliminate unnecessary forms by making them available in the EDI system (sealed case files, shipping instructions). For Export License see 3.1. • Reduce internal process steps within Customs department • Combine terminal Customs and port Customs into one unit (reduce organizational and administrative redundancy) 			

	<ul style="list-style-type: none"> • Apply risk management and reduce physical inspections of cargo. Where necessary, carry out joint inspections 			
3.6) Arrange berthing of vessel	<ul style="list-style-type: none"> - Introduce a port EDI system to provide seamless and instant communication between all actors involved in this process - Introduce e-banking to facilitate payment - Reduce administrative requirements in arranging berthing e.g. <ul style="list-style-type: none"> • Eliminate unnecessary forms (application letter) • Reduce the number of parties visiting ships in order to minimize informal payments (most parties request the same documents and lots of copies – uploading those documents into the port's EDI system by e.g. the shipping agent will allow to reduce the parties on board to a minimum such as police, immigration, Customs, health agency, SAD) • Replace advance payment of port disbursement account costs with allowing payments when vessel is already in the port (at least for vessels calling regularly a Myanmar port). A security deposit/bank guarantee can minimize the risk for defaulting the payment by the shipping line for the MPA). <i>If this is not a policy option, reimbursement of overpaid advance payments should be considered</i> 	Multiple copies of docs	6	
3.7) Arrange port clearance for vessel departure	<ul style="list-style-type: none"> - Introduce e-banking to facilitate payment - Introduce a port EDI system to provide seamless and instant communication between all actors involved in this process - Reduce administrative requirements in arranging port clearance e.g. <ul style="list-style-type: none"> • Reducing the use of physical documents by exchanging/accessing data and documents through the EDI system 	Multiple copies of docs		
3.8) Prepare shipping documents	<ul style="list-style-type: none"> - Reduce/replace the number of process participants e.g. expanding the role of the UMFCCI, use of the shipping agent instead of the ship to produce documents - Introduce e-banking to facilitate payment 			

4.1.2. Strengthening the Supply Chain

- ❖ *Lift restrictions on payment terms:* At present, rice can only be ordered with an advance payment. While this is certainly supporting the exporter for their required working capital to purchase the rice/shorten the working capital cycle, it puts the Myanmar rice industry at a disadvantageous position in the global market because this requirement strains the buyers working capital cycle by 2-8 weeks. This can be significant as the value of a typical rice shipment can easily amount to several million USD.

4.2. Mango

4.2.1. Facilitate Trade by Simplifying Processes and Procedures

Process	Recommendation	Benefits /Reduction of		
		Docs (No)	Time (Days)	Costs (USD)
1.1) Participate in Auction	-			
2.1) Arrange land transport to auction center	-			
2.2) Arrange auction	-			
2.3) Application for BTOS procedure	-			
2.4) Enter BTOS application	- Introduce e-banking to facilitate payment - Reduce administrative requirements in entering the BTOS application e.g. eliminate unnecessary forms (cover letter, proforma invoice, representative card, Certificate of Export/Import Registration Special Power (or) General Power, Balance statement of the Myanmar Economic Bank, etc.)	5		
2.5) Arrange transport to China	-			
2.6) Border crossing	-			
3.1) Make payment	-			

- ❖ *Facilitate trade processes and procedures to undermine monopolistic market behavior of Customs agencies:* At present, it seems that a single firm is handling the export process for all fruits. While the fees charged to exporters does not seem exorbitant, improvements in the service level and/or fees could be realized. Facilitating the processes and procedures will undermine the role of Customs agents as exporters could opt to handle the export process by themselves.¹⁵

4.2.2. Strengthening the Supply Chain

- ❖ *Establish supply chain infrastructure to enhance product quality:* At present, mangos are transported in open trucks and transloaded/stored in open areas where the fruits are exposed to outside influences. This harms product quality significantly. The case of Thailand shows how logistics infrastructure can contribute to enhanced product quality and, thus, competitiveness of mango producers (Ksoll, The Role of Transport Facilitation and Logistics for Competitiveness: Private Sector Views, 2012).
- ❖ *Strengthen the contractual relationships of buyers and sellers by making sales contracts mandatory:* At present, once a buyer wins the auction, both parties agree on the time and place of delivery and fix the deal with a “handshake”. While there is no problem with handshake *per se*, it becomes problematic when one or both parties are not reliable. Contracts are not being signed because the Chinese counterparts refuse to accept written contracts. In addition, the lack of a dispute resolution mechanism and contract enforcement leads to a situation where the seller is exposed to various risks such as
 - No insurance coverage for the cargo or the truck;
 - Payment-default risk;
 - Risk for delays in the acceptance of the cargo; and
 - Exchange rate risk- as all sales are in CNY (although this risk is limited).

¹⁵ At the border, you have to use the customs agent

4.3.Palm Oil

4.3.1. Facilitate Trade by Simplifying Processes and Procedures

Process	Recommendation	Benefits /Reduction of		
		Docs (No)	Time (Days)	Costs (USD)
1.1) Conclude sales contract	-			
2.1) Prepare Import Recommendation application	- Eliminate this process (see process 2.2)	4	2	
2.2) Obtain Import Recommendation	<p>- Eliminate this process as it is a pre-test. Instead, the Government should publish quality, health, and other requirements for palm oil imports. These requirements should be tested once the actual palm oil shipment arrives in Yangon (see process 2.9). Ensuring that the oil meets all specifications set by the Government should be left to the private sector. However, this requires high levels of transparency on how the public sector tests the requirements, e.g. what tests, what methodology, etc. will be employed</p> <p><i>If eliminating this process is not a policy option, the certification process should be decentralized. To date, it is still necessary to bring the documents to Nay Pyi Taw whereas most importers are in Yangon. Making the same services available in Yangon as in Nay Pyi Taw will save time and costs for travel and arranging logistics.</i></p>	7	4	47
2.3) Obtain Import License	<p>- Eliminate this process</p> <p><i>If eliminating this process is not a policy option, the alteration of the Import License process must be simplified (see process 2.5)</i></p>	6	3	>135
2.4) Make Storage Contract	-			
2.5) Open Letter of Credit	- Introduce greater flexibility in letters of credit e.g. disentangle the amounts (of cargo) in the letter of credits from the Import License in order for letters of credit to be cleared if the shipment is smaller than the Import License.			
2.6) Declare CusDec 1 (PAPP)	•			
2.7) Obtain Delivery Order	- Introduce a port EDI system to provide seamless and instant communication between all actors involved in this process			

	<ul style="list-style-type: none"> - Reduce administrative requirements in obtaining the Delivery Order e.g. <ul style="list-style-type: none"> • Eliminate unnecessary forms (application letter, special power letter, national registration card of agent and principal) • Reduce signatures by replacing physical forms with electronic forms • Reduce the number of parties involved in this process (SAD) 	4		
2.8) Arrange Berthing	-			
2.9) Discharge Cargo (After Berthing of Exam, Inspection, Testing, Taking sample)	-			
2.10) Finalize CusDec1	<ul style="list-style-type: none"> - Introduce a port EDI system to provide seamless and instant communication between all actors involved in this process - Reduce administrative requirements in arranging berthing e.g. <ul style="list-style-type: none"> • Reducing the use of physical documents by exchanging/accessing data and documents through the EDI system • Eliminate unnecessary forms (application letter) • Reduce the number of parties visiting ships in order to minimize informal payments (most parties request the same documents and lots of copies – uploading those documents into the port's EDI system by e.g. the shipping agent will allow to reduce the parties on board to a minimum such as police, immigration, Customs, health agency, SAD) 	Multiple copies of docs		
3.1) Establish payment	-			

- ❖ *Expedite the Letter of Credit process:* At present, this process takes ten days and is relatively cumbersome. Technically any private sector bank can issue Letters of Credit but in practice only two banks (MICB and MFID) offer this service, and only one standard format. Changing any clause in the standard format takes an additional two to five days as it has to be approved by high-level bank staff. This can partly be attributed to a lack of understanding of particular trades by bankers (risk aversion by banks) as well as a generally weak banking system including their standard operating procedures used. Therefore, strengthening the banking system as well as increasing the capacity of banks (i.e. enhance the understanding of trade finance products of staff) is paramount to processing faster Letters of Credit and introducing greater flexibility within particular trade finance products.
- ❖ *Further research process "2.9 Examine, Inspect, Test, Take Sample and Discharge Cargo" with a particular focus on the FDA procedure:* Significant improvement in the FDA procedure has been reported by the private sector. For example, at the time of the field research, the FDA procedure took up to 14 days. This has been reduced to currently four days. Nevertheless, possibilities for further time reductions should be explored.

4.3.2. Strengthening the Supply Chain

- ❖ *Consider installing additional storage tanks in major consumption centers:* At present, incoming ships with palm oil have to wait up to 30 days until the storage tanks in the port are empty to receive new palm oil supplies. These delays occur because the shipments are arranged in advance while demand is volatile. Installing additional storage tanks could help balance some of the volatile demand. Another consequence is that it is increasingly hard to find shipping lines to send their vessels to Yangon port as such a journey is associated with high uncertainty when the ship is again available (for other assignments) and, therefore, puts generally the Yangon port at a disadvantageous position.

4.4. General Recommendations

In addition to the above product-specific recommendations, unnecessary trade processes and procedures should be identified and eradicated. For example, there are some trade processes and procedures that became redundant with the ongoing economic and political reforms. Therefore the function and objective of each process and procedure should be carefully reviewed and assessed whether it can be eradicated or the information obtained through other means.

Generally, the following recommendations evolve around four major pillars:

- (1) Infrastructure,
- (2) ICT,
- (3) Banking, and
- (4) Other recommendations.

4.4.1. Infrastructure

- ❖ *Introduce yard plans and container positions at ICDs:* At present, ICDs and traders have difficulties locating containers on the container yards. Yard plans with the position of containers do not exist and container movements on the yard are not recorded. Hence, sometimes containers "disappear" on the heavily over-occupied yards with containers stacked eight containers high. Introducing such yard plans and recording container movements would at least improve the situation partially. In the medium-term, more space for containers is needed.

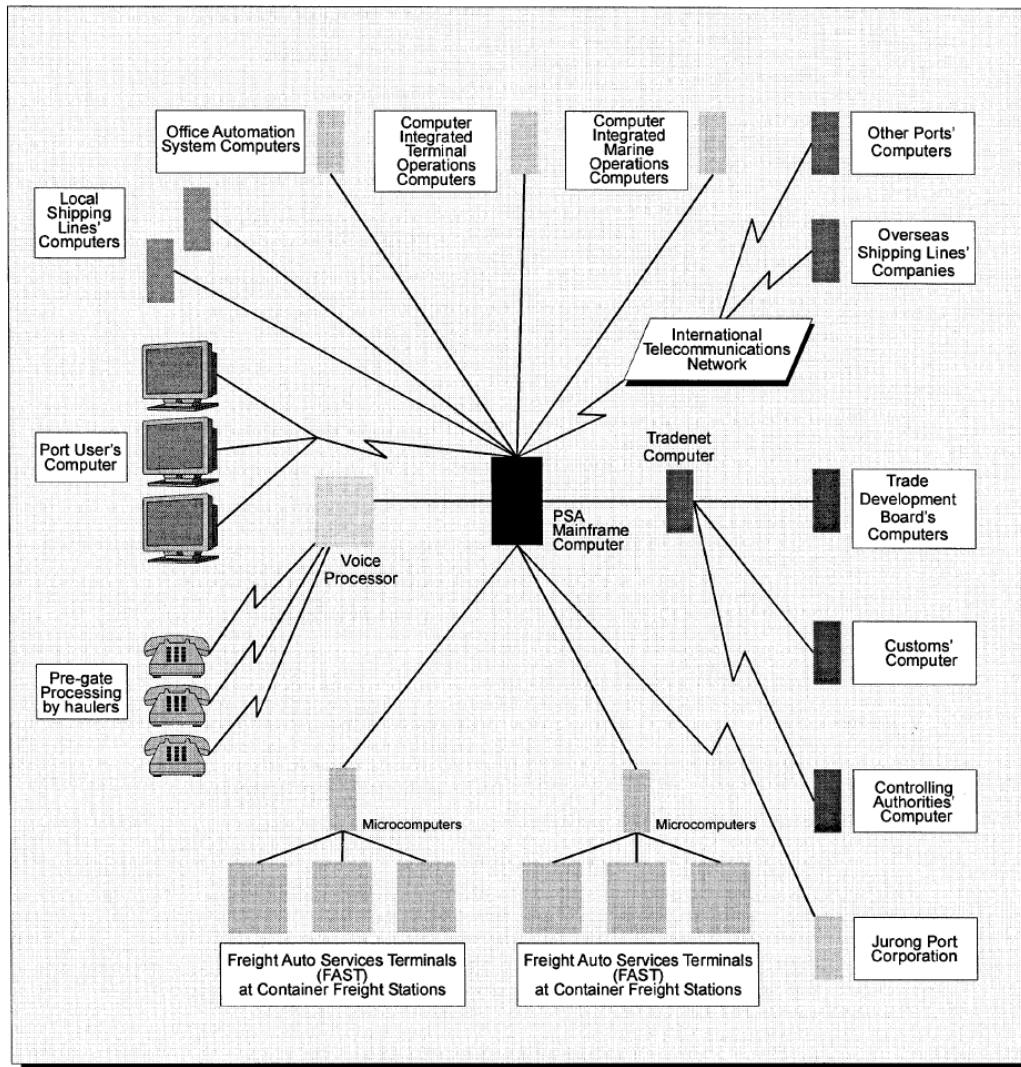
4.4.2. Information and Communication Technology (ICT)

- ❖ *Increase the use of ICT in trade processes:* The objective should be an electronic, national single window. The benefits are faster trade processes and procedures as data has to be entered only once and all relevant agencies can access the relevant data to fulfill their functions. At present, most trade processes and procedures in Myanmar are still carried out manually. Even in existing electronic systems, such as the PAPP, the processes and procedures behind the electronic interface are manual. Therefore, increasing the automation in trade processes and procedures and further introducing ICT systems, that are all compatible with each other and can be linked, is critical to facilitate trade in the future. Automation of certain processes and procedures, such as obtaining the import license for palm oil, offers great possibilities for success since palm oil is
 - A relatively homogenous product (by HS-Code);
 - The imported amount is easy to monitor; and
 - The value of the cargo can easily be assessed with a simple market price enquiry (e.g. through the association).

This measure also supports Myanmar in achieving ASEAN Economic Community (AEC) requirements.

- ❖ *Reduce number of parties on the vessel during arrival process:* At present, there are numerous parties visiting the ship asking for the same set of documents or copies thereof. This increases the administrative costs for the ship owners and crew as many parties do not go empty-handed off board. While the shipping agent, police department, immigration etc. have valid reasons to visit the vessel, other parties do not. To satisfy the demand for information and increase operational efficiency by reducing paperwork, the use of ICT, as proposed above, could offer a solution. A good example can be found at the port of Singapore and their PortNet system. Within the system, all parties share the relevant information pertaining to fulfill each agency's tasks while the port users have to provide the information only once. The following Figure provides an overview of the PortNet system:

Figure 8: Overview of Singapore's PortNet system

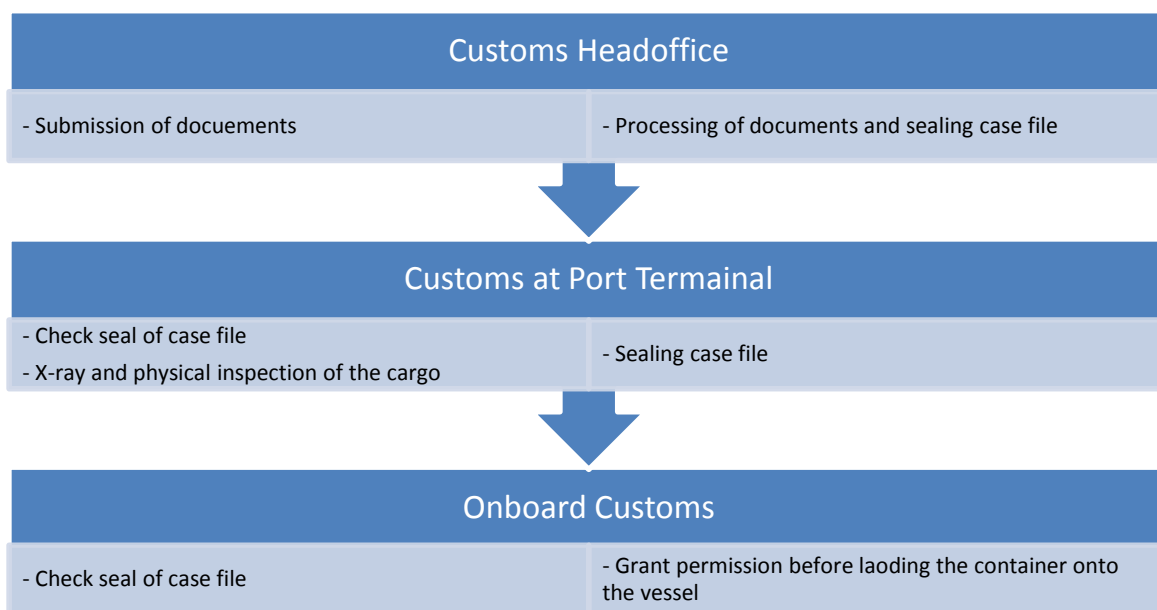


Source: Regional production, information-communication technology, and the developmental state: the rise of Singapore as a global container hub.

- ❖ *Expand the PAPP system to other commodities and other border points:* At present, this system is only applied for palm oil because the quantity can be easily monitored. In addition, the PAPP system is only available in Yangon port. However, the system significantly facilitates trade by completing payments to Customs before the goods arrive at the port. Hence, handling of the goods is faster and less cumbersome. Therefore, expanding the existing system to other commodities and/or border points should be considered.
- ❖ *Simplify Customs processes:* At present, the Customs process is carried out on three levels:
 - (1) Customs head office: All documents need to be submitted to the Customs head office in Yangon. The head office seals the case file and sent to the Customs office at the port terminal.
 - (2) Terminal Customs: They check the seal of the case file, X-ray the container, and carry out the physical inspection of the cargo before they seal the case file again.

- (3) Onboard Customs: They check the seal of the case file and must be informed by the ship before the container is loaded onto the vessel.

Figure 9: Present Institutional Organizational of the Customs department



The manual processing at each level carried out at different locations makes this process long and cumbersome. In addition, the role of onboard Customs seems to be questionable. In fact Yangon port is one of very few ports that maintain an onboard Customs. The introduction of ICT to enhance communication within the Customs organization could be a critical step. However, an in-depth analysis should be carried out on how to improve the performance of the organization while maintaining at least the same level of security and safety.

- ❖ *Enhance the current risk management system:* At present, risk management is solely carried out by the Customs department at the port terminal. There is little information flow upstream or downstream (Customs headquarters; onboard Customs – see graph above). However, in modern risk management systems risk assessment can take place at all levels and allow for free flow of information between the levels e.g. through ICT. This could help reduce delays and facilitate trade while maintaining security and safety interests.
- ❖ *Introducing a trade portal:* An integral part of trade facilitation is the information available to all stakeholders involved. Making such information available e.g. via a trade portal, can significantly enhance transparency of processes and procedures as well as reduce the “search-costs” for the private sector. A clear advantage of such a trade portal is the versatility. For example, the portal could be used to:
 - (1) Timely disseminate laws, rules, and regulations;
 - (2) Inform about processes and procedures including the costs and time required to complete them and thereby improve transparency and predictability for the private sector.
 - (3) Enhance communication between the public and private sector – the Government could make registration to portal mandatory before the above information can be accessed (even with just minimal information such as name, company name, email). With that, the

Government could build an active trade community and better target the dissemination of trade information.

(4) Eventually issue licenses and permits.

4.4.3. Banking

- ❖ *Facilitate access to finance:* Although there are some working capital loans available from the Myanmar Economic Bank (head office and branches 1-6), a Government-owned bank and selected private banks, investment loans require land and/or real estate collateral. Consequently, the value of the land/real estate determines the extent of access to finance. In addition, the process to obtain loan from banks is long and cumbersome. This can be a significant impediment for firms that aim to participate in supply and/or value chains as these firms are often expected to make significant investments (investment finance) and to accept contract terms that require more working capital (see *Box 3: Example from the Thai Logistics Industry*). In more sophisticated banking systems, however, money can be borrowed against a wide array of assets, including the balance sheet of firms and is relatively fast available. Therefore, strengthening the banking system should be considered.

4.4.4. Other areas

- ❖ *Increasing customs clearance points:* Customs clearance is only available in Yangon, Nay Pyi Taw, and various border points. However, cities such as Mandalay do not have Customs clearance possibilities, which is cumbersome for exporters from those areas. Establishing Customs clearance and other services for exporters in e.g. Mandalay could significantly facilitate trade. The new dry port facilities in Mandalay offer great opportunities not only to introduce Customs clearance, SGS, and other Government services but also for possible value-added services by the private sector such as a processing warehouse, etc.
- ❖ *Simplify the general ship process:* At present, the stakeholders involved in the ship process must complete their tasks in various locations located around the city of Yangon, Nay Pyi Taw and elsewhere. Introducing one-stop-shops where all stakeholder relevant to the ship process are present could shorten ways and significantly reduce the time needed to complete the processes, i.e. through missing opening hours, getting stuck in traffic, visiting the same office over and over, etc.

4.5. Prioritization and Options for Implementation

The overarching objective of any trade facilitation program should be the reduction of cost and time to trade and increase the predictability of trade processes for the business community. Simplifying trade processes can be a challenging task for any country. The number of processes and stakeholders involved is often large and the road long. Effective implementation of trade facilitation measures requires a high ownership of such a “national project” with all stakeholders including public and private sector on board. Additionally, clear priorities must be set-out by the highest levels of Government.

Many countries achieved impressive results in trade facilitation, including in the Mekong region (i.e. Lao PDR, Cambodia, Thailand, Indonesia, Singapore, etc.), from which the Government of Myanmar can get encouraged. For example, the adoption of a trade and transport facilitation roadmap and setting-up a trade and transport facilitation national committee or secretariat has been beneficial in many countries to coordinate trade and transport facilitation actions.

The following section offers one of many possible routes the Myanmar Government could take to implement trade facilitation measures. It should be noted that these steps and necessary actions are not complete but are an integral part towards a national, electronic single window. The approach consists of three distinct steps which are in brief described below:

4.5.1. Step 1: Basic Simplification

The objective of the first step is to eliminate redundant inner-agency procedures and simplify trade processes within each stakeholder. The analysis of every process in this paper offers an optimal platform for discussion among policy makers, Government agencies, and the private sector to identify and eliminate unnecessary steps. This can be either achieved by merging steps, or where not required, elimination of processes.

A requirement for implementing the first step is introducing basic automation processes. The Government of Myanmar has already achieved significant successes in this regard which include the PAPP or the BTOS. The next step is, therefore, the expansion of those systems as well as the introduction of ICT in processes that are still paper-based and manual. At this stage, the process steps (on the Government side) remain the same. This has three significant advantages that could impede realization and buy-in of stakeholders:

- (1) No need to change existing laws;
- (2) No need to change inner-agency processes; and
- (3) No need to change levels of authorization.

For the private sector, the introduction of automation via the Internet has immediate benefits as they can apply for licenses and permits online and do not need to submit every document in person. A pre-requisite for this is the registration of traders. The information stored at such a platform can be already used to simplify data entry by not requiring the trader to fill out basic fields such as name, company name, address, etc. which are already used for the registration process. Further, payments could be completed in one single step rather than at various points at each agency.

4.5.2. Step 2: Introduction and Application of Risk Management

The Government of Myanmar already applies simple risk management. However, physical inspection rates still remain high. Modern risk management assesses risk based on knowledge of the individual trader as well as the individual risk of the cargo. High risk or unknown risk cargo (red channel) is still 100% physically inspected. For medium risk and low risk cargo inspection rates are much lower. Also, depending on the risk level, different levels of Government officers should have the approving authority. For example, low-risk cargo should be approved by technical officers, medium risk by e.g. a Division Director, and high-risk goods should involve a high-level Government staff.

In order to facilitate trade in the long-run, a well-functioning risk management system is indispensable. Such a system particularly requires

- (1) More sophisticated ICT systems;
- (2) Changes in business processes;
- (3) Changes to present laws, rules, and regulations; and

- (4) Capacity building to prepare staff involved in risk management at all Government levels as well as the private sector.

The needs of the private sector should not be underestimated. Private firms must be made aware of new risk management system as well as training provided so firms know how to comply with existing regulations.

4.5.3. Step 3: Rationalization of the Licensing Regime

The final step takes a macro-approach by eliminating unnecessary process steps and limiting the number of process participants to key stakeholders. Licenses should be automated to the extent possible and taking into account individual firms' history in compliance with existing laws, rules and regulations. This includes the process for the certificate of origin that can be faster processed due to regular audits.

Necessary for this step are

- (1) Even more sophisticated and integrated ICT systems;
- (2) Re-arranging of business processes;
- (3) Changes to existing laws, rules, and regulations; and
- (4) Capacity building for both the private and public sector. The capacity building component includes audits and risk-based controls.

Box 3: Example from the Thai Logistics Industry

In Thailand, the transport industry, 40 years ago, was very similar to that of Myanmar today. The industry faced similar challenges such as an outdated trucking fleet, low profit margins, and under-utilization of their fleet due to seasonal transport of agricultural products.

With the industrialization of the 1970s/1980s, fuelled by the inflow of foreign direct investment, the transport market changed. The newly set-up factories offered year-round business and growing international trade led to ever-increasing volumes. But the new customers had new requirements. These included for example

- Modern and standard specification trucks;
- Specialized vehicles i.e. tanker trucks, container chassis, car carriers, refrigerated and van-trucks;
- 30-60 days credit after transport;
- liability for losses of their high-value cargo during transport;
- Operations at the highest legal weight limits without tolerance for overloading; and
- High levels of safety, security, and en-route visibility including total punctuality.

But those factories offered an attractive transport rate. The transport costs, as a percentage of total production costs, were relatively low. Thus, they were prepared to pay high rates to contractors that were able to meet their required standards.

With the development of Thailand's industry and integration into production networks, shippers demanded integrated logistics systems linking their factories with suppliers and customers to ensure just-in-time flows of goods and low inventory. These supply chains function only with adequate logistics services. As the local trucking industry was not able to deliver such sophisticated services, manufacturers turned to large, foreign-managed third party logistics (3-PLs) companies who had experience with such sophisticated supply chains. Consequently, logistics service providers such as shipping lines and freight forwarders set-up operations in Thailand acting as lead logistics providers.

These companies were constrained from operating large fleets of their own trucks both by Government regulation and their "asset-light" policies. Therefore, they sought out and developed local trucking companies who were prepared to invest in good equipment and adopt international best practice. The foreign 3-PLs provided the necessary management systems, cash-flow, and liability coverage, the local trucking firms had to invest both in "hardware and software" to meet the same standards as set by the manufacturer and passed on to Thai subcontractors by the lead logistics providers.

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Complying with those standards incurs higher costs thus the rates paid to those trucking firms are higher than in conventional trucking. Operations of well-managed companies in this sector are profitable. In this segment, transport companies generally report that the only constraints on further profitable growth are

- The availability of top-class drivers, and
- Management time

Eventually, subcontracted, local trucking firms were able to learn from 3-PLs how to comply with the required standards in international production networks. The experience from Thailand shows, that learning and adopting from multinationals enabled some local firms to develop from a dependent subcontractor to an independent competitor for service contracts. Other companies serving multinationals decided that it was overall better to remain a subcontractor and not deal with all the requirements. They were technically able to compete but would have had problems meeting the commercial conditions of the factories, such as very long payment terms, very high "goods-in-transit" liability conditions, or the very demanding rules on compliance to various international conventions.

Not every local trucking company was able to upgrade, and not every company wanted to, as funding was not equally available to every operator, make such an investment. In addition, there are also significant risks (e.g. high investments) involved. For the companies that did not want to upgrade, there was still a large market. Traditional/conventional cargo such as construction material, agricultural products, low-value consumer products, etc. is still carried by those transporters today. The traditional markets are less demanding and the investment required is much lower. Margins are, however, significantly lower.

Consequently, today in Thailand two segments exist in parallel within the trucking industry. Whilst the truckers operating for multinational clients experience high margins, high demand, and high requirements in terms of management and equipment, low-spec trucking companies continue to exist. In this segment, transport operators have on average older vehicles and lower profit margins with highly volatile demand. Yet, this segment is also an integral part of the Thai logistics industry as it provides a low-cost transport option for low-value goods (for which the other segment would be too expensive).

Source: Ksoll and Quarmby, 2013.

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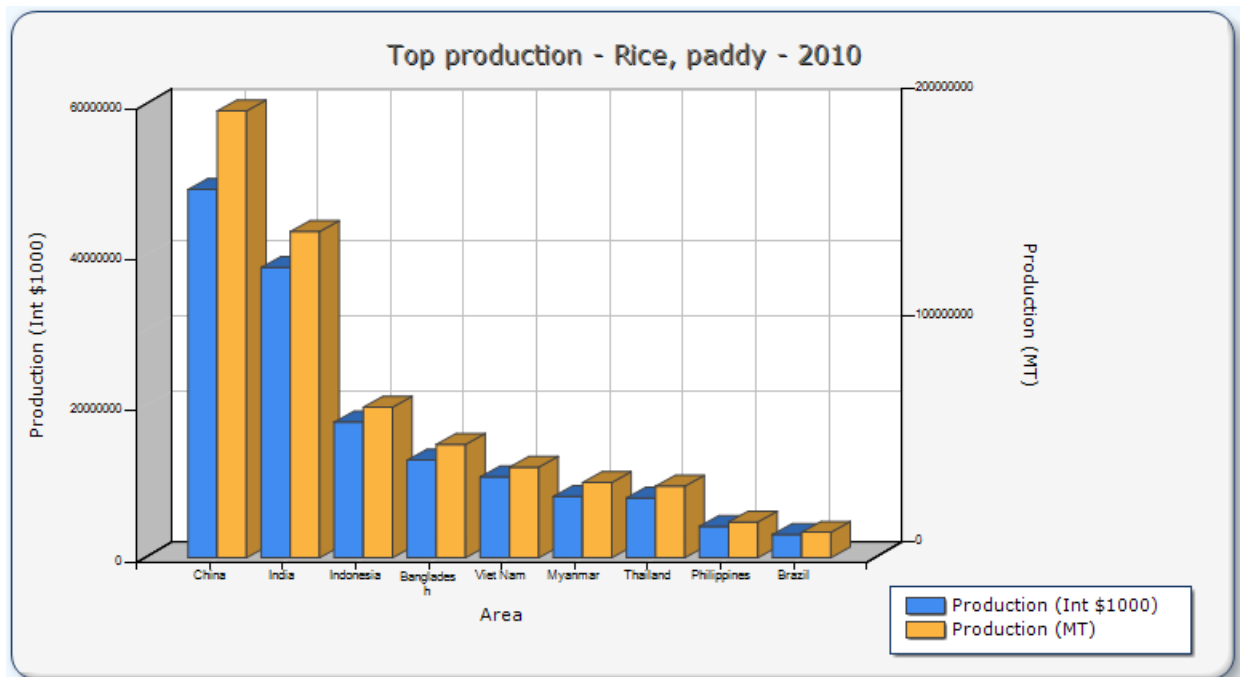
6. Appendices

6.1. Appendix I: Sector Overviews

6.1.1. Rice

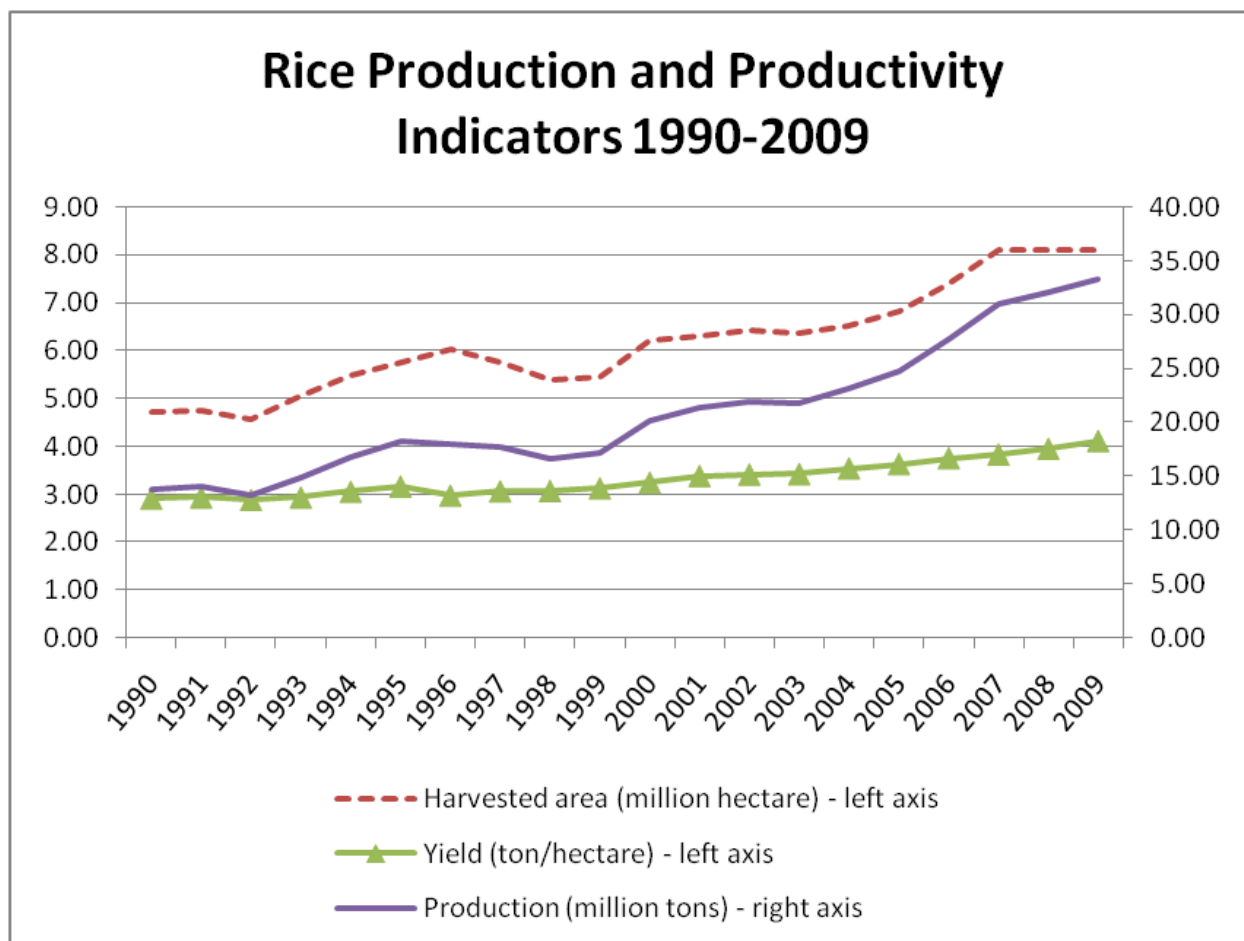
Rice production in Myanmar has a long tradition. There are mainly two types of rice in Myanmar: *Japonica* and *Indica*. The country is among the top-10 producing countries of paddy rice both in terms of value and volume (STAT, FAO STAT Production, 2012).

Figure 10: Top Rice Paddy Producing Countries by Value (in thousand international dollars) and Volume (in metric tons), 2010



Source: FAOSTAT, 2012.

Over the past two decades, paddy production in Myanmar has steadily increased if measured in sown area, harvested area, yield or absolute production (see Figure 11). For example, according to FAO estimates, Myanmar's production was estimated at around 13.8 million tons per year in 1990, and since then production almost tripled to 33.3 million tons annually or around USD 8.1 billion (see Figure 10 below). Estimates of the MRIA are slightly lower with a total of 25-28 million metric tons. However, milled production is only 14-15 tons per year (Myanmar Rice Industry Association, 2012). The harvested area almost doubled in two decades from 4.7 million hectares in 1990 to about 8.3 million hectares in 2010 (Ministry of Commerce, Union of Myanmar, 2012, p. 37), 85% monsoon season sown area and 15% summer season sown area (Myanmar Rice Industry Association, 2012). Productivity increases have been encouraged by the Government of Myanmar through various reforms and programs and consequently, yields (measured as tons per hectare) have increased from just below 3 tons per hectare in 1990 to more than 4.12 metric tons per hectare in 2009, or a growth rate of more than 30% (Ministry of Commerce, Union of Myanmar, 2012, p. 37).

Figure 11: Rice Production and Productivity Indicators (sown area, harvested area, yield, and absolute production), 1990-2009

Source: Ministry of Commerce, 2012. Institute for Developing Economies, 2011.

The available export data differs from source to source. For example, while the data below suggests an export volume of 539,000 tons in 2011, the Government of Myanmar reported an export volume of 2 million tons. This is also in line with the data provided by the MRIA that suggests an export volume of 2-3 million metric tons annually (Myanmar Rice Industry Association, 2012). The data on export volume (Table 4 below) seems therefore to underestimate actual export volumes.

Table 4: Myanmar Rice Exports (in tons), 2001/02, 2007/08, 2008/09, 2009/10, 2010/11

	2001-2002	2007-2008	2008-2009	2009-2010	2010-2011
Export quantity	939,000	359,000	666,000	818,000	536,000
Export ratio (volume)	4.3%	1.1%	2.0%	2.5%	--
Export ratio (value)	--	2.1%	2.5%	1.9%	2.2%

Source: Dapice, Vallely, Wilkinson, McPherson, & Montesano, 2011; Ministry of National Planning and Economic Development, Central Statistical Organization, several; and Authors' calculations.

The export ratio (exports as a share of total production) in Myanmar is generally very low with 1-3% (by volume). Even with the more optimistic estimate of the MOC and the MRIA of 2-3 million tons of exported rice 2010/2011 (and assumed production of the 2009/2010 levels), the export ratio is around 6-9% of

produced rice (by volume) (UN-Comtrade, 2012)¹⁶. This seems to be also in line with the MRIA that estimated exports to around 10% of total production.

Domestic consumption of the produced rice is with 210 kg annually per head the highest in the world (Myanmar Rice Industry Association, 2012). This explains the small number of exports and the high production volumes, placing the country among the top-10 producers in the world.

Yet, rice is one of the main agricultural export products of Myanmar. For example, the MOC estimates the share of rice in agricultural exports at around 16.9% for 2007/2008, 25.6% for 2008/2009, and 34% in 2009/2010 (Ministry of Commerce, Union of Myanmar, 2012, pp. 36, 37). Rice exports amount to approximately 1.8% of the total export value in 2011. If petroleum gases (44.9% of the total export value) and precious/semi-precious stones (11.5%) are not considered, the share of rice in total export value accounts for approximately 4% (Aung, 2011), (Ministry of Commerce, Union of Myanmar, 2012), (FAO, 2012). In terms of value, rice contributed in the past few years (from 2007-2011) between 1.9-2.5% to the export basket.

Export destinations for Myanmar rice are 28 countries in Africa, South Asia, East Asia, Middle East and Southeast Asia. Official statistics derived from UN-Comtrade (mirror data) suggest that the single most important trading partner for Myanmar's rice is the Ivory Coast, accounting for roughly 50% of the rice export value, followed by Burkina Faso and Madagascar with 13% and 12% respectively. For 2011, India is not even mentioned in the statistics despite significant rice being exported, suggesting either that India has not yet reported any data for 2011 (as of September 2012) or traders did not import the rice officially.

The rice industry in Myanmar is dominated by "Rice Specialized Companies" that have been established in 2009 by local traders, investors and farmers. The objective of those companies is to produce high quality rice not only for domestic consumption but also to comply with requirements of export markets. Presently, there are 33 such specialized companies operating.

The Government of Myanmar liberalized also the rice trade through various reforms. For example, restrictions on the IncoTerms have been greatly reduced in 2011. However, exporters are still reluctant to ship rice other than FOB (for exports). The reason are lack of knowledge and information about IncoTerms and therefore reluctance by exporters to take on the additional risk, as well as the lack of direct shipping connections to the final destinations. Thus, present business practices in the rice trade remain FOB shipments. Since very recently, some exporters started to ship C&F¹⁷ although the Export License still shows FOB.

However, a direct outcome of the liberalization of the shipping terms was greater volatility of rice prices because rice became with that more prone to speculative actions by traders. For example, traders now conclude sales contracts without "ready cargo" when they expect falling rice prices. Once the ship arrives (arranged by the buyer), they urgently buy large quantities of rice which leads to spiking prices. Before the de-regulation this was not possible because exporters/traders were required to have the cargo ready in a sealed warehouse.

¹⁶ And authors' calculations.

¹⁷ The exporter pays all expenses incurred in transporting the cargo from its place of origin to the port and ocean freight to the port of destination. Insurance is paid by the importer.

6.1.2. Mango

Among the fresh fruits produced in Myanmar, mango is one of the most dominant fruits. Among the 200 different kinds produced in the country, the most popular ones exported are Seintalone, Shwehinthar, Mya Kyauk, Patamyar Ngamauk, Ma Chit Su, and Yingwe.

The FAO estimated world production of mango, mangosteen and Guava in 2010 to around 37.1 million tons with a total of 4.9 million hectares. According to various newspapers, production in Myanmar has steadily increased over the past decade, both in terms of area as well as volume. The main harvest season in Myanmar is from April to July. Major growing areas are the Mandalay region as well as the northern Shan State, which produces a slightly delayed crop (Myanmar Business Network, 2011). In 2005, the total area used for mango production amounted to 60,000 hectares and was expanded to 77,000 hectares in 2009. The volume increased at the same rate from 350,000 tons to 447,000 tons. Productivity, measured as tons per hectare remained stable with about 5.8 tons per hectare (The Myanmar Times & Weekly Review, 2005) (The Myanmar Times, 2009). Compared to the national average of India, the largest producer of mango in the world, productivity in Myanmar was only slightly lower in the year 2005 (6.2 vs. 5.8 tons per hectare). However, some Indian provinces have a much higher yield per hectare. For example, the highest producing states in that year were able to harvest between 8 to 10.6 tons per hectare (APEDA Agri Exchange). The world average yield is estimated to be around 7.5 tons per hectare (FAO, 2012).

Most of the mango produced around the world is consumed locally. Export volumes as a share of production are generally low. For example, India which produces around 15 million tons of mangos each year and is the largest exporter in the world, exports only 260,000 tons or 1.73% of its produce. The export share of the larger producing countries varies between 1-6%. Peru (21.18%), Mexico (16.87%), and Brazil (10.46%) are exceptions to the rule (FAO, 2012). Myanmar is listed as neither one of the top-20 producing nor exporting countries although the volumes cited in various newspapers would justify Myanmar's place in such rankings.

Supply and demand on the global market are the main factors influencing the export price for mangos. Variety, quality and origin are also major factors in determining price. The prices can vary somewhat during the course of a year depending on the state of market supply. Prices for Myanmar mangos seem to have varied over the past years as well between \$200 to \$600 per ton.¹⁸ In order to increase prices in the long-run, farmers must be better educated on better growing techniques to enhance the quality of the produce. To date, many farmers harvest their mangos when they hear that prices are good regardless of whether the fruits are ripe or not. However, once the shipments are delivered and traders/buyers realize the lower quality, they reduce the price for following shipments, leaving the farmers with no options other than to accept as there are no cold storage facilities and shipping the cargo back would be too expensive (Fresh Plaza, 2012).

¹⁸ Calculations of author based on export volumes, export earnings from various news sources: (Chinese news agency Xinhua (New China News Agency), 2009); (English People's Daily Online, 2007); (English People's Daily Online, 2007); (English People's Daily Online, 2007); (Fresh Plaza, 2012); (Ministry of Commerce, Union of Myanmar, 2012); (Myanmar Business Network, 2011); (The Irrawaddy, 2012); (The Myanmar Times & Weekly Review, 2005); (The Myanmar Times, 2009); (The Myanmar Times, 2011).

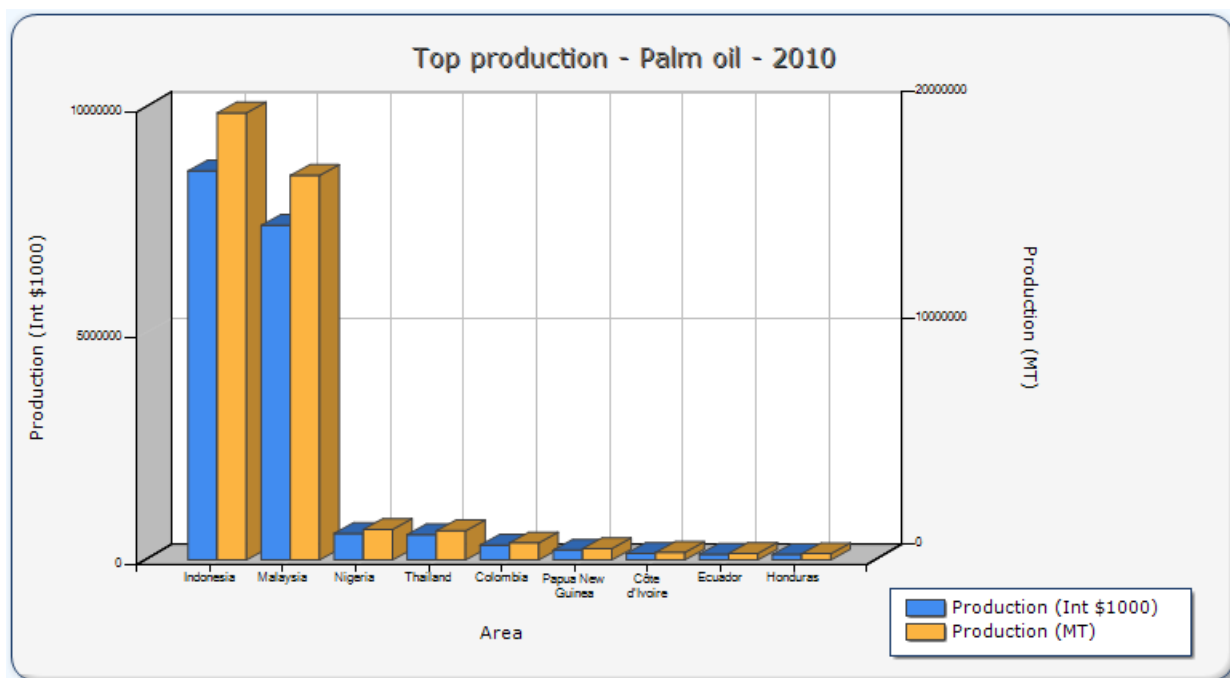
The major export destination for Myanmar mangos is China, followed by Singapore, Thailand, and Malaysia. Most of the trade with China is conducted through land transport at the Muse/Ruili border. According to the Myanmar Fruits and Vegetables Producers and Processors Association of Mandalay region, there is a large export potential as presently only around 10% of market demand can be served. In order to expand to other markets, both production volumes and quality needs to be increased, especially in processing. For example, the Japanese market requires carefully processed fruits which can at present not be provided. In recent years, Myanmar's exporters were able to reduce costs on the Chinese market to match prices with Indian mangos but in order for Myanmar to compete in the long-run, logistics need to be improved, particularly packaging and transportation. There is also potential for Myanmar's exporters to capture more value-added within the country. Currently Chinese, Singaporean and Malaysian buyers process fruits according to international standards and sell it on the international market.

6.1.3. Palm Oil

Myanmar produces various edible oils such as from groundnut, sesame, niger, mustard, sunflower, soybean, rice bran, and cotton seeds. Myanmar belongs to the world's top five producers for sesame oil (no. 1), rice bran oil (no. 2), mustard oil (no. 2), and groundnut oil (no. 5).

Palm oil is considered a stabilizer in the global edible oil supply as it is the only oil that does not face any competition for acreage between cereals (i.e. wheat and rice), feed grains (i.e. corn and sorghum) and oilseeds (i.e. soybean, rapeseed and sunflower seed). In addition, it can be used more efficiently because it produces more oil per unit area and unit time than any other oil crops (Favre & Myint, 2009, pp. 24, 25).

Figure 12: Top 20 Palm Oil Producing Countries by Value (in thousand international dollars) and Volume (in metric tons), 2010



Source: FAO Statistics, 2012

The top palm oil producing countries can be divided into three segments: the two top producers Indonesia and Malaysia, with a total production of volume in 2010 of 19.76 million metric tons and 16.99 million metric tons respectively, Nigeria and Thailand with each around 1.3 million metric tons, and producing countries below 750,000 tons (see Figure 12) (FAO, 2012).

Total production of edible oils in Myanmar is estimated to around 590,000 tons. Total consumption of oils is approximately 900,000 tons, for both private and commercial purposes. Private consumption amounts to roughly 10 kg per capita or roughly 600,000 tons and around 300,000 tons are consumed commercially. The gap of 310,000 tons is filled with palm-oil imports (The Myanmar Times, 2011). The majority of the imported palm oil comes from Malaysia with some smaller quantities from Indonesia and Thailand.

Myanmar consumers have different preferences for the various types of edible oil depending on the purpose. The locally produced oils only groundnut, sesame, niger, and mustard oils are found in the market. The others are not or rarely found due to the low demand and mainly mixed to increase volumes of sesame and groundnut oils.

Groundnut oil is preferred almost everywhere for frying and, particularly in lower Myanmar, it is preferred for all purposes and therefore commands a higher price. Sesame oil is preferred by both urban and rural consumers in the central area for all purposes except frying. Niger oil is particularly demanded for frying together with palm oil in the Shan State. In the Shan State, niger oil is not in demand for its taste but because it is a stabilizer (e.g. it reduces palm oil evaporation). In other areas it is used to mix with sesame oil. Mustard oil is appreciated in eastern Myanmar, in areas bordering Bangladesh and India (Favre & Myint, 2009, p. 49).

Although the locally produced oil covers a large share of the consumed edible oil in Myanmar, the imported palm oil is important, especially for households in the lower income bracket. According to FAO,

food expenditures in Myanmar increased over the past decades while the daily household expenditure remains extremely low (e.g. USD 0.35 per day in 2001). Due to the low purchasing power of households, price is the main consideration and the imported palm oil is mainly consumed for its low price (Favre & Myint, 2009, pp. 49, 50). According to Sein Naing, the owner of an edible oil trading company at the Theingyi commodities market in Yangon, brand-name peanut oil now costs more than twice as much as imported palm oil (USD 5.20 vs. USD 2.10-2.30 per 1.6 kg). The price of the peanut oil was mainly impacted by the strong demand for peanuts from China plus the lack of modern equipment of the oil mills (The Irrawaddy, 2012).

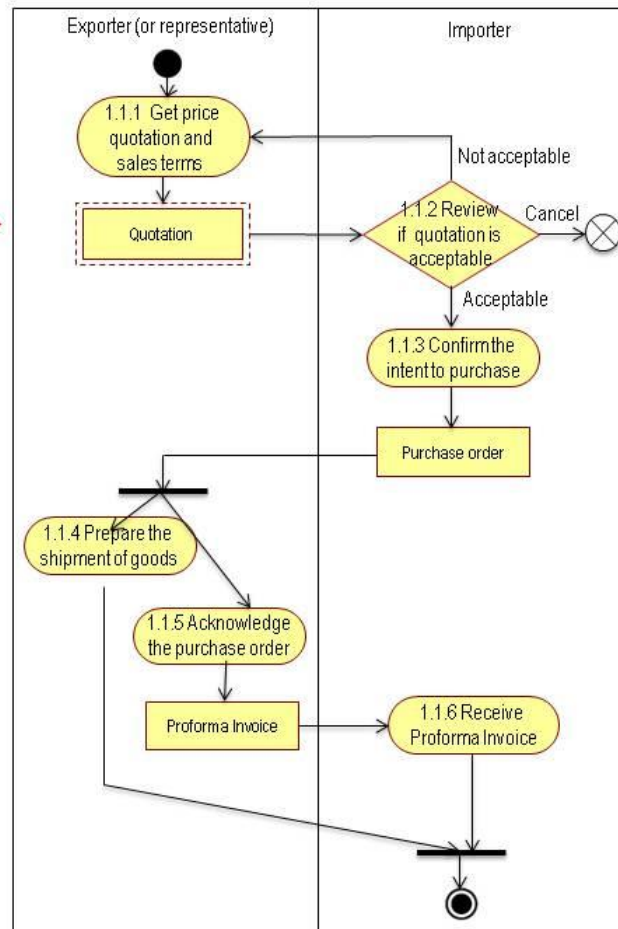
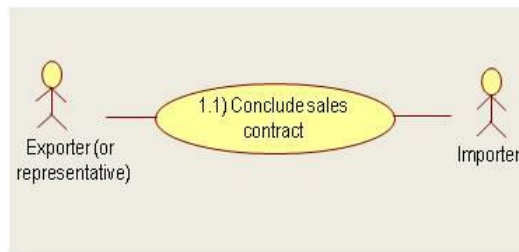
The import of palm oil used to be restricted by the Government. However, in 2011 when palm oil prices hit USD 4 (MMK 3,400) the MOC opened up the previously restricted palm oil import market and permitted 16 new private competitors, who were allowed to import between 3,000 and 4,500 tons a month each (The Myanmar Times, 2011).

6.2.Appendix II: “As is” Business Process Mapping

6.2.1. Rice

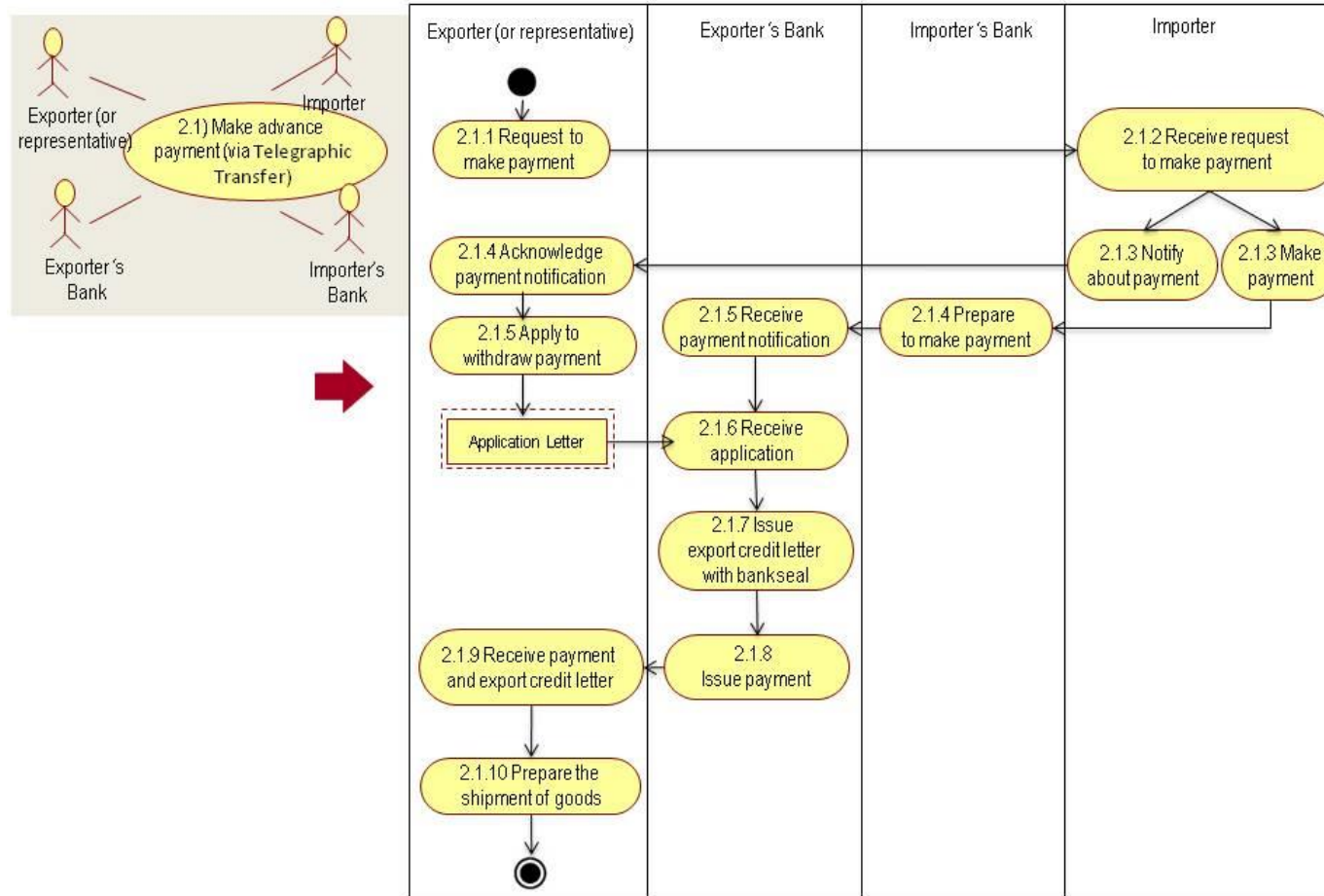
Process 1.1) Conclude Sales Contract

1.1) Conclude Sales Contract



Name of process area	1. Buy	Lead Time (Max-Min)	Cost
Name of business process	1.1) Conclude sales contract	1 day	
Related laws, rules, and regulations	Incoterms		
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Importer 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has a list of potential rice buyers. 		
Activities and associated documentary requirements	<p>1.1.1 Exporter prepares a quotation to inform potential buyers (importers) about price and sales terms.</p> <p>1.1.2 Importer reviews the quotation and determines if the quoted price and sales terms are acceptable. If the quoted price and sales terms are not acceptable, importer negotiates with the exporter.</p> <p>1.1.3 If the quoted price and sales terms are acceptable, the importer confirms the purchase of goods with a purchase order.</p> <p>1.1.4 Exporter prepares the delivery of goods accordingly.</p> <p>1.1.5 Exporter acknowledges the receipt of the purchase order and confirms that the rice will be delivered according to established conditions and terms by sending the importer a proforma invoice.</p> <p>1.1.6 Importer receives the proforma invoice.</p>		

Output criteria to exit the business process	<ul style="list-style-type: none">• Exporter and importer agreed on the price and contract terms and have concluded the sales contract.• Based on the purchase order, the exporter starts to prepare the export of goods.		
Average time required to complete this business process	1 day		

Process 2.1) Make advance payment (via Telegraphic Transfer)**2.1) Make advance payment (via Telegraphic Transfer)**

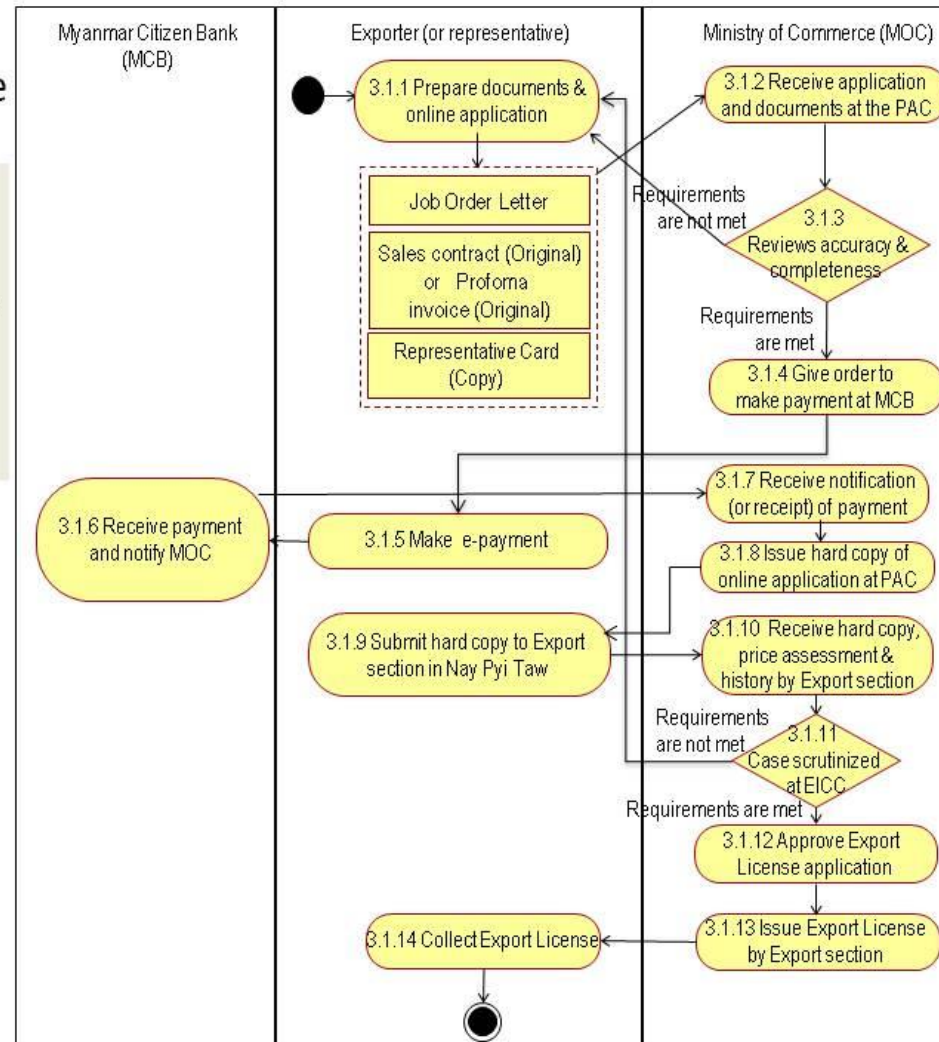
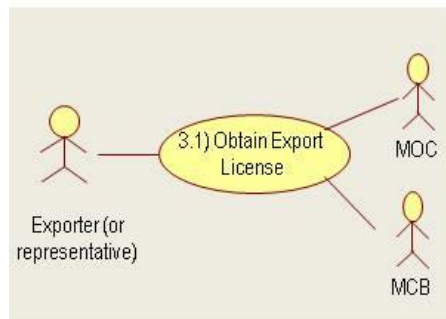
Name of process area	2. Pay	Lead Time (Max-Min)	Cost
Name of business process	2.1 Make advance payment (via Telegraphic Transfer)	3 days	Transaction cost: 1) Transfer cost MMK 10,000 2) Withdrawal cost USD 2-3
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Exporter's bank • Importer • Importer's bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter have ready the shipment of goods. 		
Activities and associated documentary requirements	2.1.1 Exporter requests the importer to make payment 2.1.2 The importer receives the requests to make the payment to the exporter. 2.1.3 The importer makes the payment via telegraphic transfer and notifies the exporter. 2.1.4 <ul style="list-style-type: none"> - Importer makes payment to the exporter's bank via the importer's bank. - The importer notifies the exporter who in turn acknowledges the payment. 		Transaction cost – MMK 10,000; Transfer cost - USD 2-3

	<p>2.1.5</p> <ul style="list-style-type: none"> - Exporter's bank receives payment notification from importer's bank. - Exporter applies to withdraw the funds with an application letter. <p>2.1.6 Exporter's bank receives application from exporter.</p> <p>2.1.7 Exporter's bank issue export credit letter to exporter.</p> <p>2.1.8 Exporter's bank issues the payment to the exporter.</p> <p>2.1.9 Exporter receives payment and export credit letter.</p> <p>2.1.10 Exporter prepares the shipment of goods.</p>		
Output criteria to exit the business process	Received payment		
Average time required to complete this business process	3 days		

3. The Ship process

3.1 Obtain export license

3.1) Obtain Export License

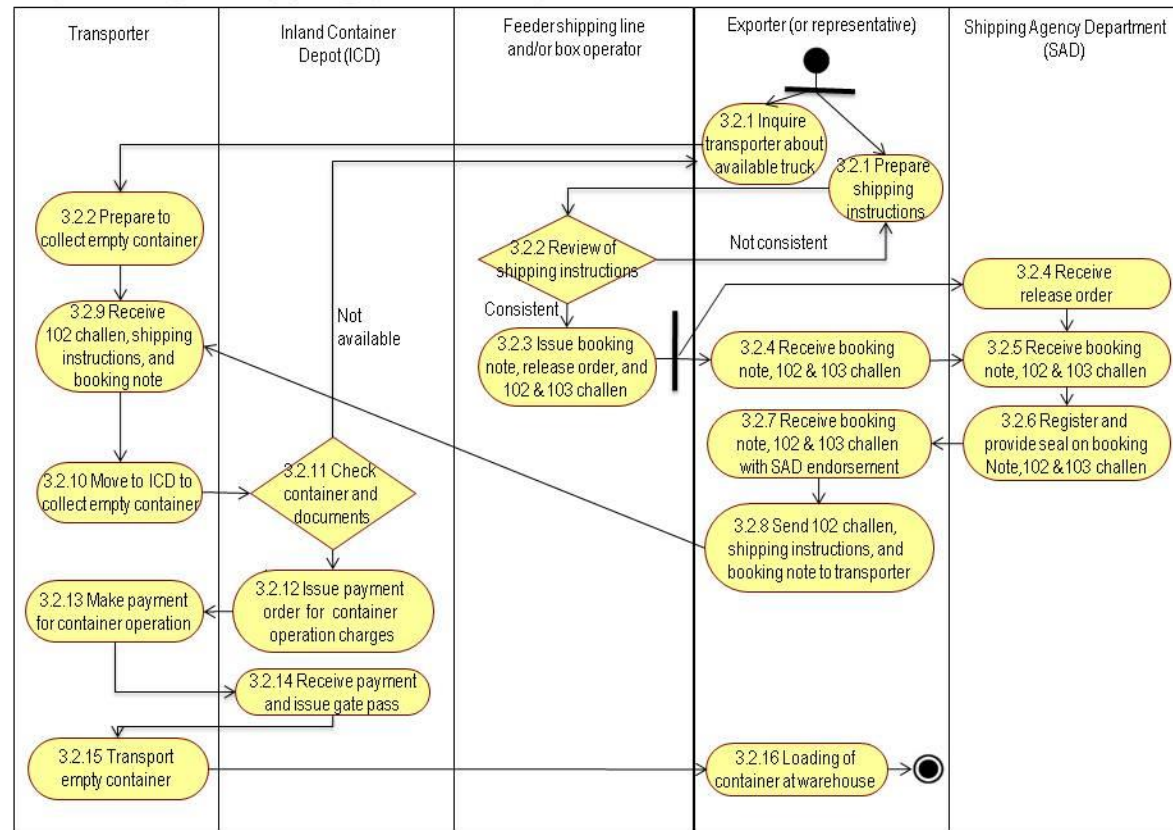
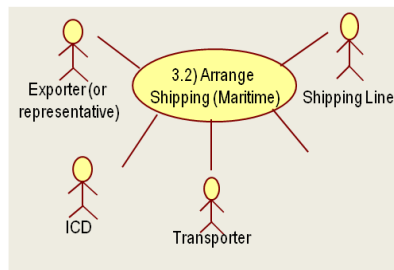


Name of a process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.1) Obtain export License	1 day	Application fee MMK 4,000 Travelling expense to Nay Pyi Taw MMK 60,000
Related laws, rules, and regulations	<ul style="list-style-type: none"> Export and Import Law, 2012 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Ministry of Commerce (Directorate of Trade) Myanmar Citizens Bank (MCB) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Payment agreement have already been reached before shipping process. 		
Activities and associated documentary requirements	3.1.1 Exporter prepares application at Myanmar Trade Net (online). 3.1.2 MOC checks accuracy and completeness of online application at Public access center (PAC). 3.1.3 MOC (at PAC) reviews if the submitted documents meet MOC's requirements. 3.1.4 If submitted documents meet the requirements, the MOC orders the exporter to make the e-payment at the Myanmar Citizen Bank (MCB). 3.1.5 Exporter prepares to make e-payment. 3.1.6 MCB receives e-payment, issues a receipt, and notifies MOC. 3.1.7 Export section of MOC receives notification (or receipt) of payment. 3.1.8 PAC at MOC issues hard copy of online application and makes it available to the exporter. 3.1.9 Exporter brings the hard copy of the Export License application to the Export section at MOC Nay Pyi Daw.		MMK 4,000 MMK 60,000

	<p>(Note: In recently reform, MOC liberalize non license items and license items and plan to issue license at Yangon)</p> <p>3.1.10 The Export section assesses the products' current market price based on estimates of the Myanmar Rice Industry Association. The case file is then submitted to the Export/Import Commercial Committee (EICC).</p> <p>3.1.11 EICC scrutinizes the case file.</p> <p>3.1.12 If submitted case file meet the requirements, EICC approves application.</p> <p>3.1.13 Export section at MOC issues Export License.</p> <p>3.1.14 Exporter collects the Export License.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Export License is received by exporter. 		
Average time required to complete this business process	1 day		

3.2 Arrange Shipping (Maritime)

3.2) Arrange Shipping (maritime)



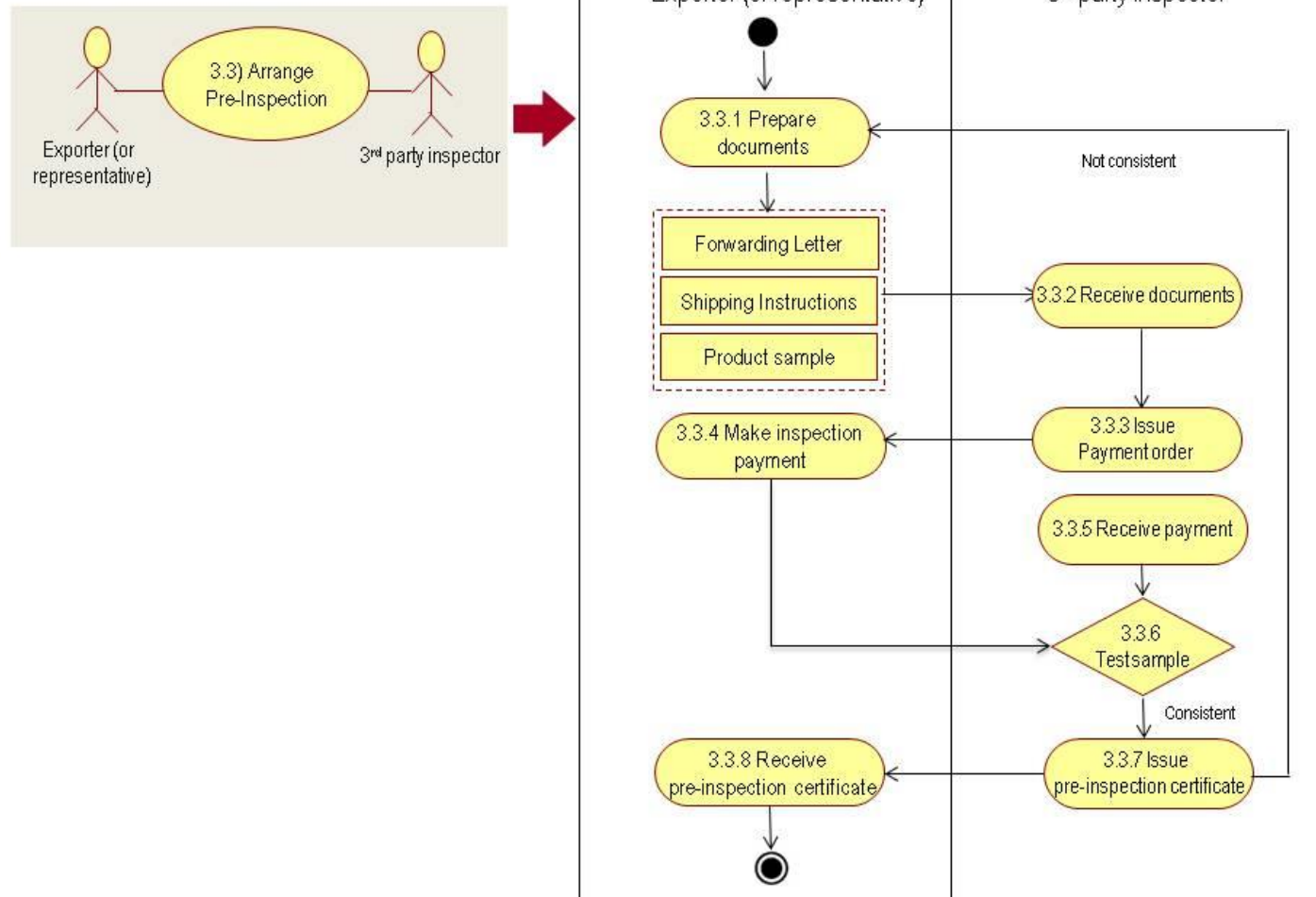
Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.2) Arrange Shipping (Maritime)	2,5 hours	MMK 85,000-100,000 (total transport costs) Lift on/off charges: MMK 9000 (ICD1) MMK 13000 (ICD2) MMK 3000 (MIP)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Feeder Shipping Line and/or box operator • Shipping Agency Department (SAD) • Inland Container Depot (ICD) • Transporter 		
Input criteria to enter/begin the business process	<ul style="list-style-type: none"> • Shipping Instructions have been prepared by exporter in agreement with importer. 		

Activities and associated documentary requirements	<p>3.2.1</p> <ul style="list-style-type: none"> - Exporter prepares shipping instructions as agreed between exporter and importer. - Exporter contacts transporter to bring empty container from ICD to the warehouse. <p>3.2.2</p> <ul style="list-style-type: none"> - Shipping line receives and reviews the shipping instructions. - Transporter make the truck ready to collect empty container. <p>3.2.3 If the shipping instructions meet the requirements of the shipping line, the shipping line issues a booking note, 102 & 103 challen for the exporter, and a release order to the Shipping Agency Department (SAD).</p> <p>3.2.4</p> <ul style="list-style-type: none"> - Exporter accepts the booking note, 102 & 103 challen. - SAD receives the release order. <p>3.2.5 SAD receives the booking note, 102 & 103 challen.</p> <p>3.2.6 SAD puts a seal on the booking note, and 102 & 103 challen.</p> <p>3.2.7 Exporter receives the booking note, 102 & 103 challen with SAD seal.</p> <p>3.2.8 Exporter sends 102 challen, shipping instructions, and booking note to the transporter.</p> <p>3.2.9 Transporter receives 102 challen, shipping instructions, and booking note from exporter.</p> <p>3.2.10 Transporter collects empty container with 102 challen from ICD.</p> <p>3.2.11 ICD checks the container number, operator code, voyage number as per 102 challen, and signature and seal of the shipping line and SAD.</p> <p>3.2.12 If the assigned container is available at the container yard, the ICD issues a payment order for the lift on/off charges.</p>	30 minutes 2 hours	Lift on/off charges: MMK 9000 (ICD1) MMK 13000 (ICD2) MMK 3000 (MIP) MMK 85,000-100,000 (total transport costs)
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	<p>3.2.13 Transporter makes payment on behalf of exporter.</p> <p>3.2.14 ICD receives payment from exporter.</p> <p>3.2.15 Transporter brings the empty container to the warehouse to load the goods.</p> <p>3.2.16 Exporter loads the cargo into the container at the warehouse.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives the booking note, 103 challen and empty container to stuff the goods (with 102 challen). 		
Average time required to complete this business process	2,5 hours		

3.3 Arrange pre-inspection and fumigation (at warehouse)

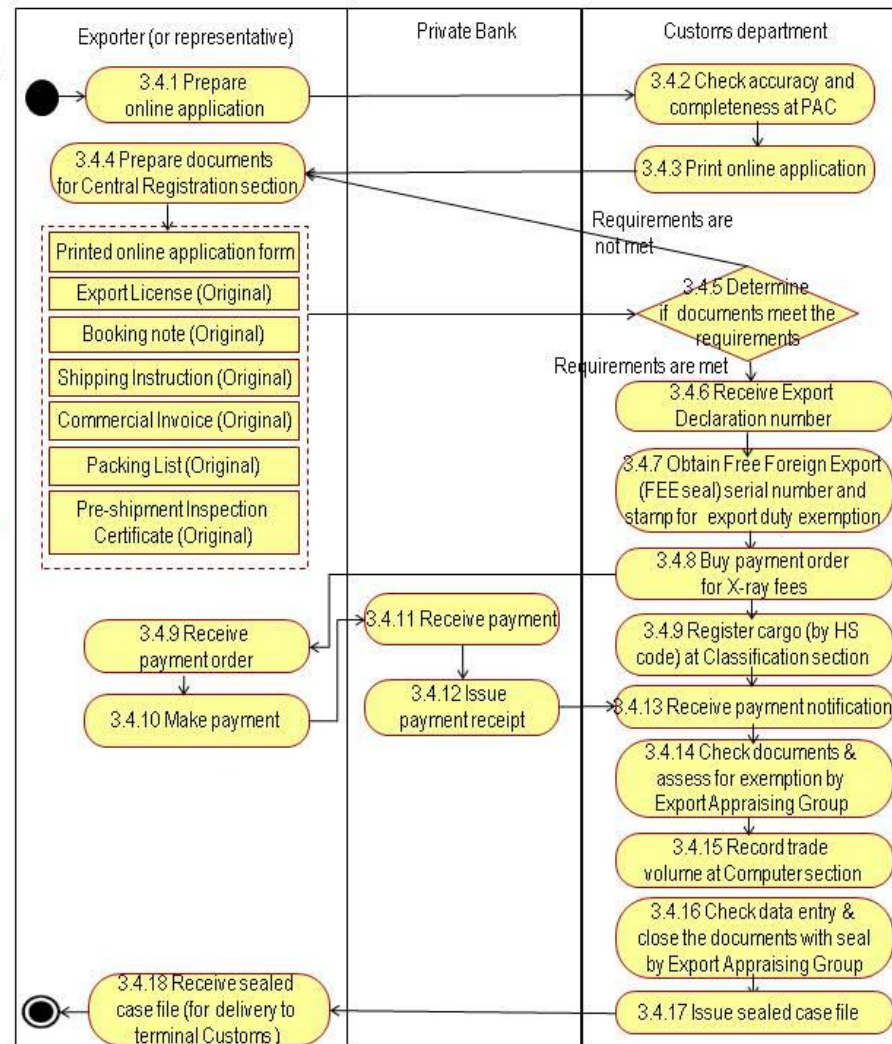
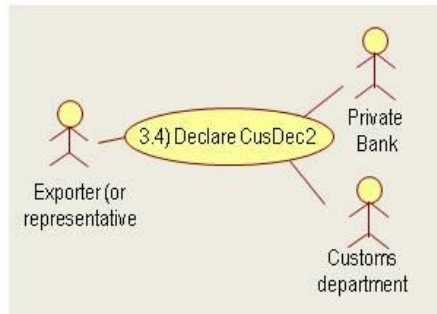
3.3) Arrange Pre-Inspection



Name of a process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.3) Arrange pre-inspection	1 day	MMK 18,000
Related laws, rules, and regulations	<ul style="list-style-type: none"> National Food Law (1997) 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) 3rd party inspector 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Shipping instructions and product sample are prepared. 		
Activities and associated documentary requirements	3.3.1 Exporter prepares documents required for pre-inspection certificate. 3.3.2 Inspector verifies the submitted documents 3.3.3 Inspector issues payment order. 3.3.4 Exporter makes inspection payment. 3.3.5 Inspector receives the payment. 3.3.6 Inspector examines the product sample. 3.3.7 If the sample test meets all requirements, the pre-inspection certificate is issued. 3.3.8 Exporter receives the pre-inspection certificate.		MMK 18,000
Output criteria to exit the business process	<ul style="list-style-type: none"> Pre-inspection certificate is issued and received by the exporter. 		
Average time required to complete this business process	1 day		

3.4 Declare CusDec 2

3.4) Declare CusDec 2



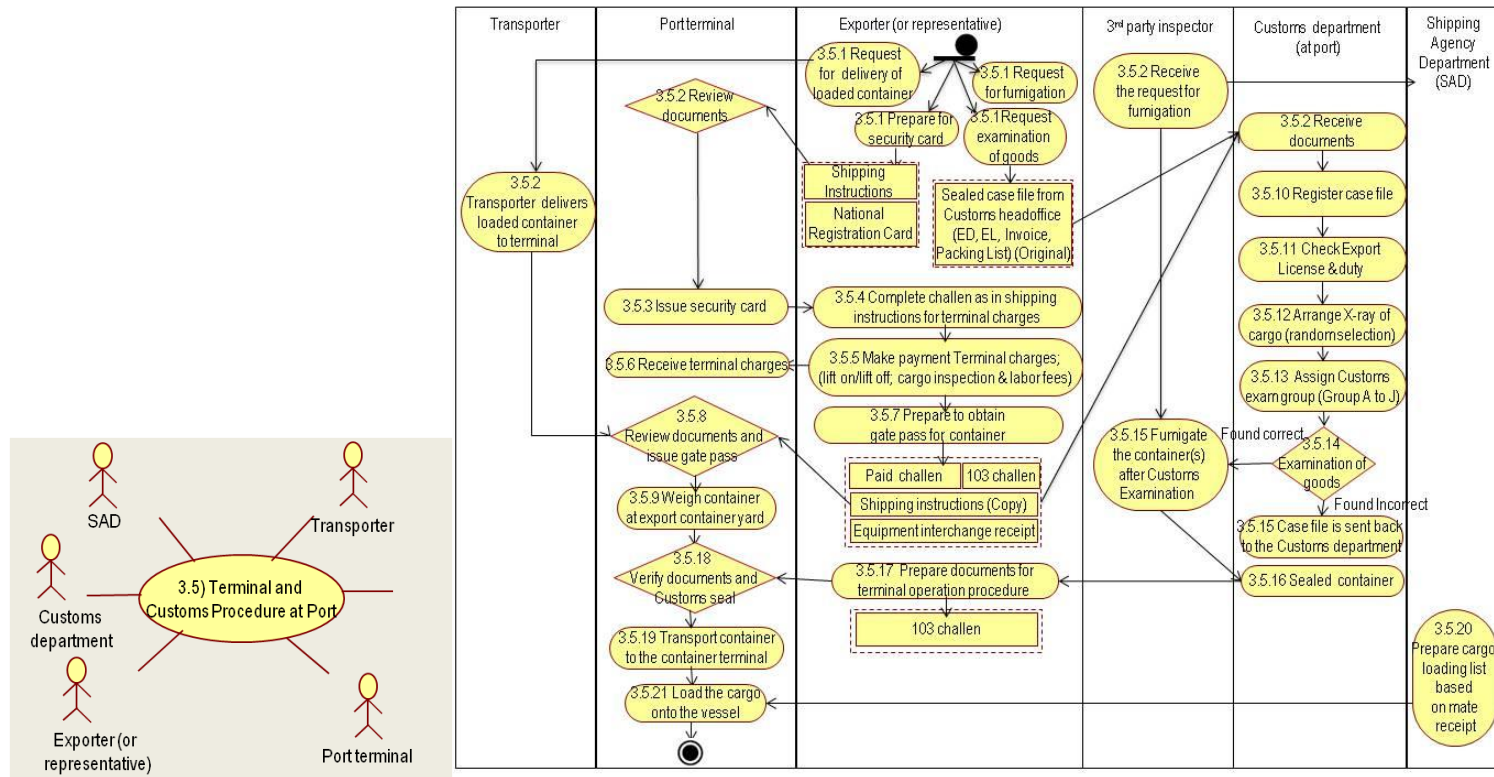
Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.4) Declare CusDec2	3-5 hours	MMK 20,000
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Customs department 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter has obtained Export License Exporter has pre-shipment inspection certificate 		
Activities and associated documentary requirements	3.4.1 Exporter prepares online application. 3.4.2 Customs department checks accuracy and completeness of the application at the Public Access Center (PAC). 3.4.3 Customs department prints the application at the PAC. 3.4.4 Exporter receives the printed application and submits it with other documents to the Central Registration section. 3.4.5 The Export section determines if submitted documents are complete. 3.4.6 The Central Registration section registers the application and records the Export Declaration number. 3.4.7 Export section provides a FEE (Free Foreign Export) serial number and stamp to verify the export duty exemption, also referred to as the Free Foreign Export (FFE) seal. 3.4.8 Customs issues payment order for X-ray fees. 3.4.9 Exporter receives purchase order for X-ray fees. 3.4.10 Exporter makes payment. 3.4.11 <ul style="list-style-type: none"> The cargo is registered by HS code at the Classification section. Myanmar Citizen Bank receives advance payment from exporter for security fees. 		MMK 20,000

	<p>3.4.12 The bank issues payment received and notify payment to Customs Department.</p> <p>3.4.13 Customs Department receives payment notification from the bank.</p> <p>3.4.14 Export Appraising group checks whether the submitted documents comply with import/export trade control laws and assess for exempt goods.</p> <p>3.4.15 The Computer section records the trade volume and other statistical information.</p> <p>3.4.16 Export Appraising group checks whether data entry has already been finished or not and seals the Export Declaration and necessary documents.</p> <p>3.4.17 Customs issues sealed case file.</p> <p>3.4.18 Exporter receives sealed case file (for delivery to the Customs department at the port terminal).</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Customs Declaration 2 (CusDec2) is received. 		
Average time required to complete this business process	3-5 hours		

126521

CUSTOMS DEPARTMENT ကုန်သွယ်ရေး ဝန်ကြီးဌာန		IMPORT DECLARATION သွင်းကုန်ကြေညာချက်	
1. Consignor (Name & Address) WILMAR TRADING PTE LTD. 56 NELSON ROAD, SINGAPORE 088830		For Official Use Only အထောက်အကူအညီအတွက်	
		12. Date of Declaration 21 MAR 2012	
		13. Registration No. (ယူနိုက်တက်စတိတ်များတွင်) 176923	
		14. Station T G N	
2. Consignee (Name & Address) [Blank]		15. Import Licence/Permit No. 1511-12 2993	
		16. Licence/Permit Date 22-03-12	
		17. Value/ (Licence/Permit) Ks လိုင်စင်ပါမစ် တန်ဖိုး (ကျပ်) 30-06-12	
		18. Expiry Date သက်တမ်းကုန်ဆုံးရက် 30-06-12	
		19. Bill Of Lading / Air Consignment Note စရမကြွင်းကုန်တင်စာ / လေကြွင်းကုန်ပို့လွှာအမှတ် SP/BW/Y6N-01	

3.5 Terminal Procedure and Customs Exam at Port



Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.5) Terminal and Customs Procedure at Port	2-4 hours	Depending on the container size and optional services required by the exporter.
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Terminal Customs Shipping Agency Department (SAD) 3rd party inspector Port terminal Transporter 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter has obtained Export Declaration from Customs. Loading of the container is complete. 		
Activities and associated documentary requirements	<p>3.5.1 Exporter</p> <ul style="list-style-type: none"> Requests Customs to examine the goods Requests transporter to deliver the loaded container to the Customs yard. Requests to fumigate the goods (by 3rd party inspector) Prepares required documents for security card. <p>3.5.2</p> <ul style="list-style-type: none"> The respective parties receive the exporter's requests (including necessary documents). The port terminal gate officer reviews the submitted documents. 		

- The transporter delivers the loaded container to the Customs yard at the port.

3.5.3 The gate officer at the port terminal issues the security card for the exporter.

3.5.4 Exporter lodges challen as per shipping instructions for terminal charges.

3.5.5 Exporter pays terminal charges such as lift on/off, cargo inspection and labor fees, etc.

3.5.6 Port terminal receives terminal charges and signs the receipt.

3.5.7 Exporter prepares documents to obtain a gate pass for the container.

3.5.8

- Gate officer at the port reviews the submitted documents and issues a gate pass.
- Exporter brings all documents to Customs office at the port.

3.5.9 Loaded container(s) are weighed and checked against the shipping instruction at export container yard.

3.5.10 Customs at the port registers the submitted case file.

3.5.11 Appraisal Officer from Customs checks the cargo against the Export License.

3.5.12 Assistant Director arranges cargo check at X-ray. The shipments are randomly selected.

3.5.13 Customs exams group (Group A to J) is assigned by Chief Executive Officer.

3.5.14 Assigned Customs exam group examines the goods.

3.5.15 If the goods pass the Customs' requirements, A third party inspector team fumigates the container after the Customs examination. If the goods do not meet the Customs' requirements, port terminal customs send the case file to customs department.

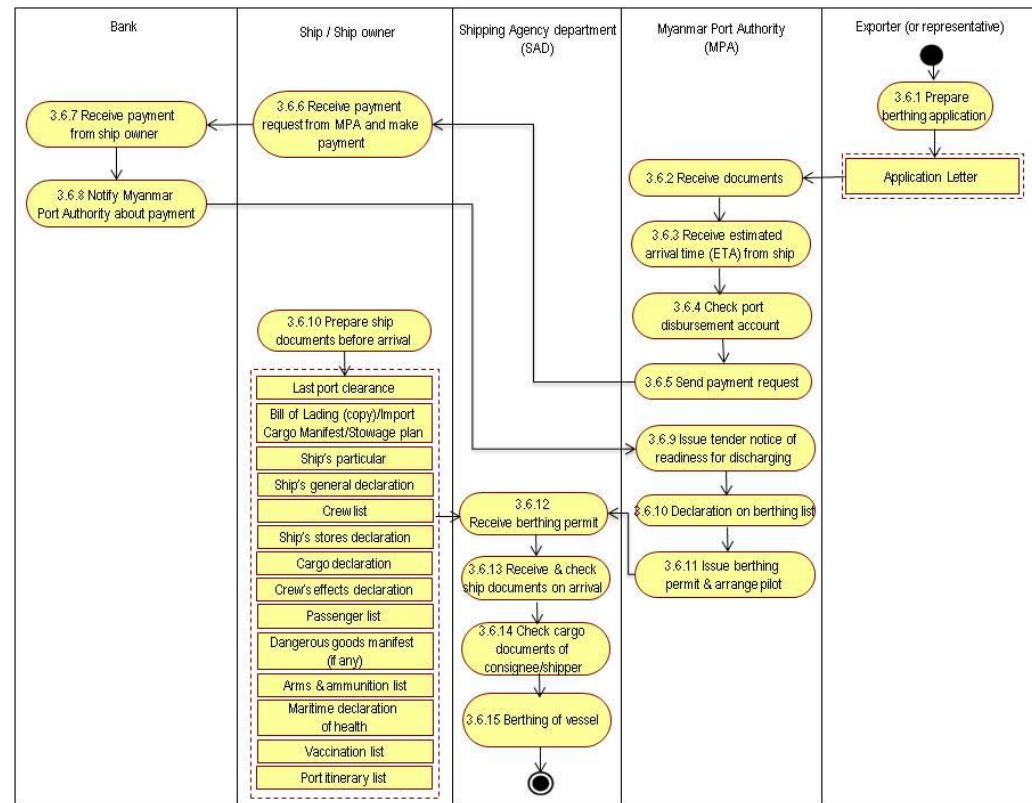
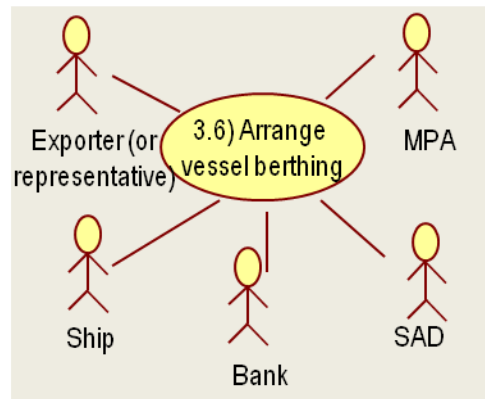
3.5.16 After fumigating, exporter proceeds with buying a Customs seal to seal the container. 3.5.9 Container is sealed by Customs.

3.5.17 Exporter prepares document (103 challen) for the terminal operation procedure (lift-on/lift-off).

3.5.18 A representative of the export container yard verifies the submitted document and checks if all containers are correctly sealed with a Customs

	seal. 3.5.19 Port terminal transports the container to the container terminal. 3.5.20 The SAD prepares the cargo loading list based on the mate receipt. 3.5.21 The container(s) are loaded onto the vessel.		
Output criteria to exit the business process	<ul style="list-style-type: none"> Container is loaded onto the vessel. 		
Average time required to complete this business process	2-4 hours		
Costs	<u>Fee structure:</u> <u>For TEU (20 feet container)</u> <ol style="list-style-type: none"> Landing/ Shipping charges = MMK 20/metric ton (MT) Labor charges = MMK 35/MT Exam: Labor charges = MMK 400/TEU <u>For FEU (40 feet container)</u> <ol style="list-style-type: none"> Landing/ Shipping charges = MMK 20/metric ton (MT) Labor charges = MMK 35/MT Exam: Labor charges = MMK 800/TEU <u>Optional service charges (if required by exporter)</u> <ol style="list-style-type: none"> Forklift (for Customs exam) = MMK 400 for a 3 tons lift, MMK 600 for a more than 3 tons lift Weighbridge = MMK 5000 for 20'; MMK 10000 for 40' Storage charges = \$2 for 20', \$4 for 40' Lift on/lift off charges = MMK 3000 (20')/6000 (40') 		

3.6 Arrange Berthing of Vessel

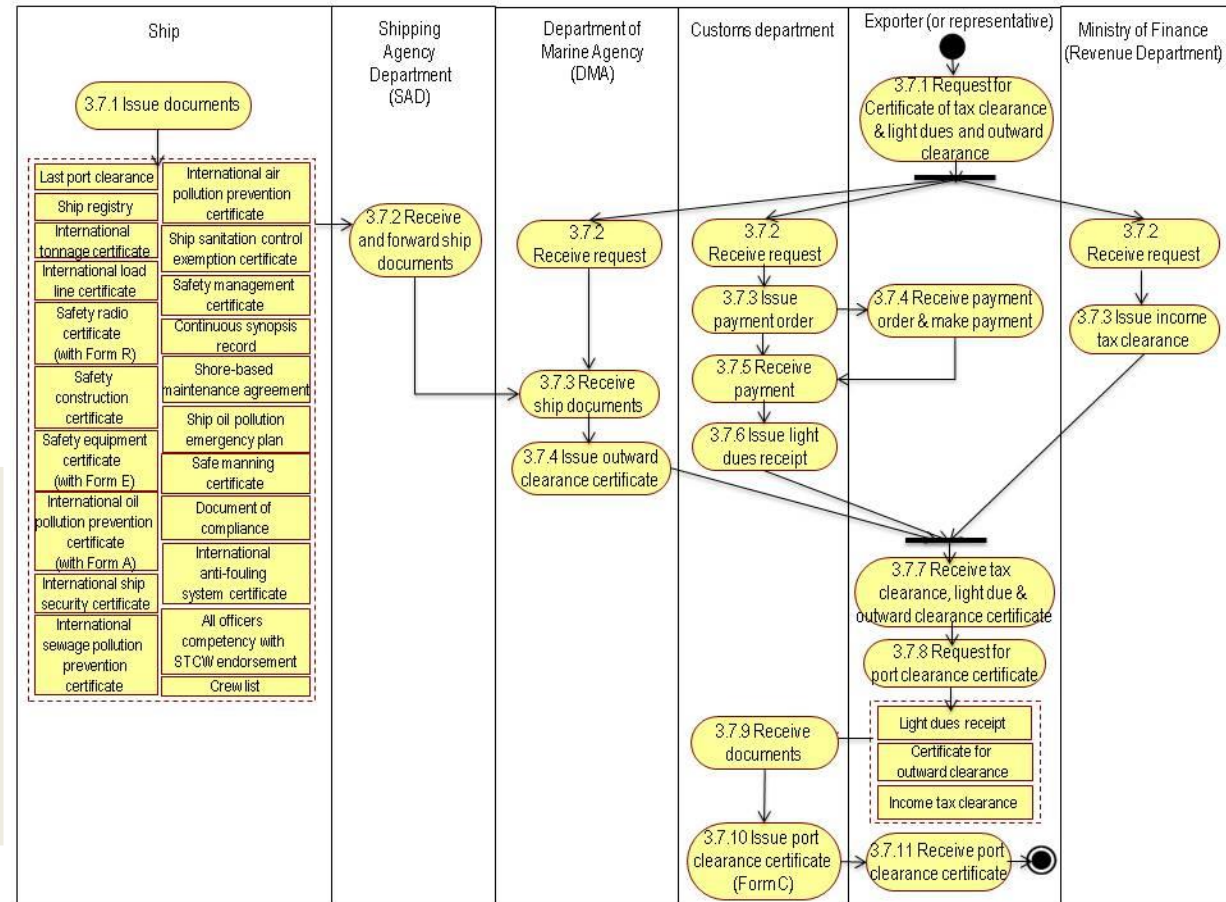
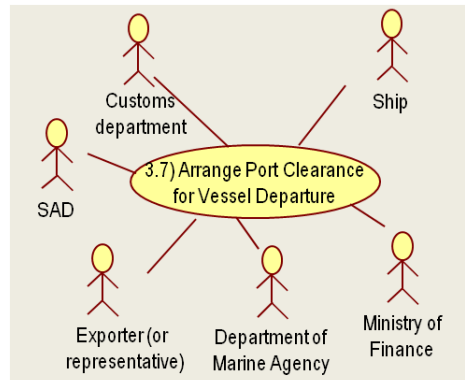


Name of a process area	2. Ship	Lead Time (min-max)	Cost
Name of business process	3.6) Arrange Berthing of Vessel	7 days	
Related laws, rules, and regulations	<ul style="list-style-type: none"> MPA rules 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) MPA SAD Ship / Ship owner Bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter (or representative) have already placed the container at the container yard. 		
Activities and associated documentary requirements	<p>3.6.1 Exporter prepares application letter for berthing.</p> <p>3.6.2 MPA receives the application letter from the exporter.</p> <p>3.6.3 MPA receives estimated arrival time from the ship (master).</p> <p>3.6.4 MPA checks port disbursement account.</p> <p>3.6.5 MPA sends payment request to ship owner</p> <p>3.6.6 The ship owner receives the payment request and makes the payment</p> <p>3.6.7 MCB receives the payment from the ship owner</p> <p>3.6.8 MCB notifies MPA about the received payment</p> <p>3.6.9 MPA makes tender notice of readiness for discharging.</p> <p>3.6.10</p> <ul style="list-style-type: none"> MPA makes declaration on berthing list. Ship (master) prepares all ship documents for the ship arrival. <p>3.6.11 MPA issues berthing permit and arranges pilot.</p>		

	3.6.12 SAD receives the berthing permit. 3.6.13 Once the ship arrives, SAD receives and checks the ship documents. 3.6.14 SAD checks the cargo documents of the consignee/shipper. 3.6.15 SAD arranges berthing of the vessel.		
Output criteria to exit the business process	<ul style="list-style-type: none"> Vessel has berthed at the port. 		
Average time required to complete this business process	7 days		

M.V	ETA(.....)	For Stay	(.....) Days
Owner			W.Gang		
Charterers.....			(EX.Rate		
Discharging.....	MT	From.....	Frt USD.....		
Loading	MT	TO	Frt USD.....		
.....	MT	TO	Frt USD.....		
.....	MT	TO	Frt USD.....		
Vessel's Particular: GRT/NRT			LOA.....	Speed.....	Flag.....
Call sign.....	DWT			A.Draft.....	S. Draft.....
		Owner A/C	Charter A/C	Shipping A/C	
1. Port Dues	US\$				
2. Pilotage (In- Out)	US\$				
3. Berthing	US\$				
4. A.H.M Fees	US\$				
5. Mooring/Unmooring	US\$				
6. Launch/ Tug	US\$				
7. Light Dues	US\$				
	Total	US\$			
	Plus 20%	US\$			
	Total Port Chgs	US\$			
8. Freight Tax 1.75 %	US\$				
9. Import Agency comm. 2.5%	US\$				
10. Export Agency comm. 3.0%	US\$				
11. Agency Fees	US\$				
12. Stevedoring Charges (Dis)	US\$				
13. Stevedoring Charges (Ldg)	US\$				
14. Supervisory/ Tally charges	US\$				
15. Watchman	US\$				
16. immigration overtime	US\$				
17. Customs overtime	US\$				
18. Fresh Water	US\$				
19. Motor Launch	US\$				
20. Dunnage / Mats	US\$				
21. Shore Crane chgs	US\$				
22. Photo / stationery	US\$				
23. Advertisement	US\$				
24. Telex/ Fax/ E.mail	US\$				
25. BUNKER Supply	US\$				
26. Fork Lift chgs	US\$				
27. Rope/ wire Sling charges	US\$				
28. Survey Fees	US\$				
29. Side nets	US\$				
30. Miscellaneous	US\$				
	TOTAL	US\$	+	=USD;	(EURO;

3.7 Arrange Port Clearance for Vessel Departure



Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.7) Arrange Port Clearance for Vessel Departure	1 day	Light due payment <MMK 5,000 (in cash) >MMK 5,000 (with check) Freight charges USD 70 per ton (general cargo vessel - paid by importer)
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Ship Department of Marine Agency (DMA) Ministry of Finance, Revenue Department Customs department (at port) Shipping Agency Department (SAD) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter (or representative) has loaded the goods onto the vessel. 		

Activities and associated documentary requirements	<p>3.7.1</p> <ul style="list-style-type: none"> - Exporter requests certificates of income tax clearance (from the Revenue department), light dues receipt (from Customs department), outward clearance (from Department of Marine Agency). - Ship issues ship documents and hands them over to the Shipping Agency Department. <p>3.7.2</p> <ul style="list-style-type: none"> - The respective parties receive the exporter's request. - The Shipping Agency Department receives and forwards the ship documents. <p>3.7.3</p> <ul style="list-style-type: none"> - Department of Marine Agency receives ship documents from the Shipping Agency Department . - The Customs department issues a payment order. - The Revenue department issues the income tax clearance. <p>3.7.4</p> <ul style="list-style-type: none"> - Department of Marine Agency issues outward clearance certificate to exporter. - The exporter receives payment order and makes payment to the Customs department for light dues based on the ship's Gross Register Tonnage. <p>3.7.5 Customs department receives payment for light dues.</p> <p>3.7.6 Customs department issues light due receipt.</p> <p>3.7.7 Exporter collects all aforementioned documents.</p> <p>3.7.8 Department of Marine Agency receives ship documents.</p> <p>3.7.9 Department of Marine Agency issue outward clearance certificate.</p> <p>3.7.7 Exporter receives tax clearance, light dues receipt and outward clearance certificates from the respective parties.</p> <p>3.7.8 Exporter requests a port clearance certificate from the Customs department.</p> <p>3.7.9 Customs department receives request and documents.</p> <p>3.7.10 Customs department issues port clearance certificate (Form C).</p> <p>3.7.11 Exporter receives port clearance certificate from MPA.</p>	<p><MMK 5,000 (in cash)</p> <p>>MMK 5,000 (with check)</p>
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Output criteria to exit the business process	<ul style="list-style-type: none"> Vessel is ready to depart. 		
Average time required to complete this business process	1 day		

PORT CLEARANCE CERTIFICATE

Customs
C.R. 102

CR. No.

Port Clearance is granted for the MV/MT

berthen tons. Master under

..... colour. Bound for

.....

This is to Certify to whom it may concern, that the Agents/ Owners of the above-mentioned MV/MT have rendered an account of her import and export cargo and have complied with all the regulations of this port.

Passengers

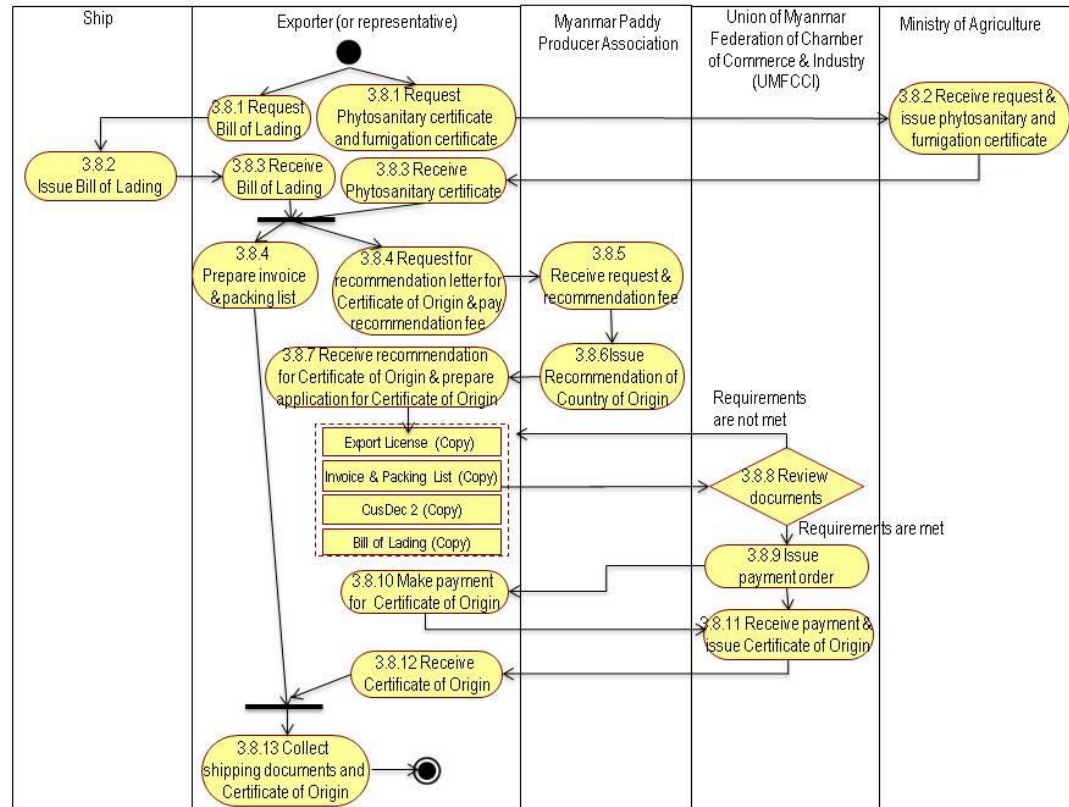
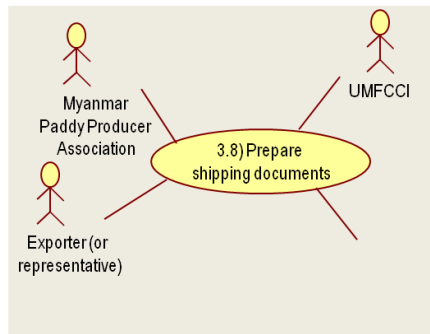
Cargo

Customs House Yangon

Director General
Customs Department
Yangon

3.8 Prepare shipping documents

3.8) Prepare Shipping Documents



Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.8) Prepare Shipping Documents	2-3 days	MPPA fee schedule: 1-500 tons = MMK 1,000 500-1000 tons = MMK 5,000 More than 1000 tons = MMK 10,000 (If exporter is not a member of MPPA, the fees are doubled) UMFCCI fee schedule: 1-50 tons = MMK 6,000 51-100 tons = MMK 8,000 More than 100 tons = MMK 10,000
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Ministry of Agriculture • Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI) • Myanmar Paddy Producer Association • Ship 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter (or representative) has loaded the goods onto the vessel. 		

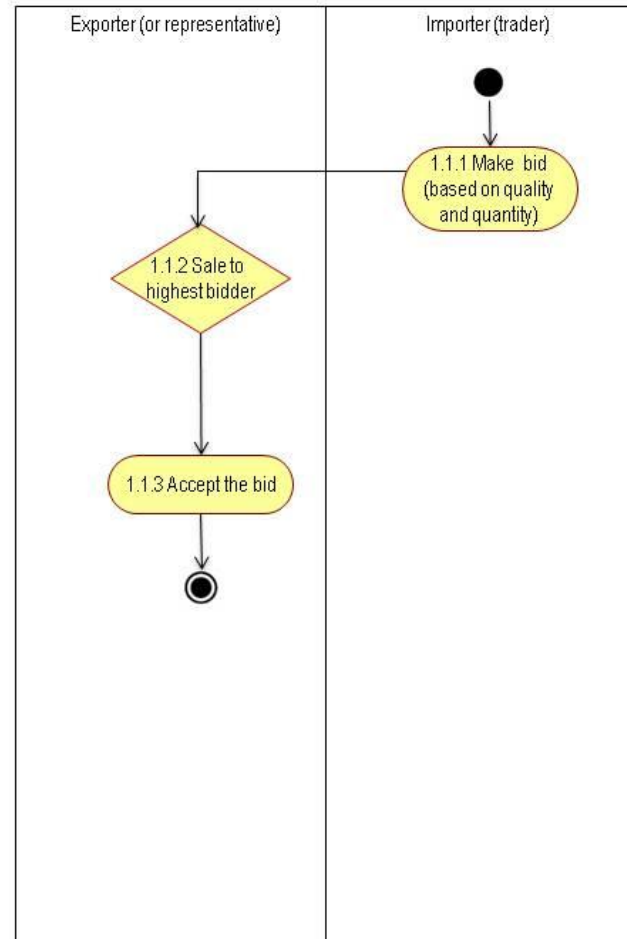
Activities and associated documentary requirements	<p>3.8.1</p> <ul style="list-style-type: none"> - Exporter collect Bill of Lading from carrier after loading the cargos onto the ship. - Exporter requests phytosanitary certificate from the Ministry of Agriculture with fumigation certificate from the port terminal. <p>3.8.2</p> <ul style="list-style-type: none"> - Vessel issues Bill of Lading. - Ministry of Agriculture receives request with fumigation certificate and issues Phytosanitary certificate. <p>3.8.3 Exporter receives Bill of Lading and Phytosanitary certificate.</p> <p>3.8.4</p> <ul style="list-style-type: none"> - Exporter requests a recommendation letter to apply for a Certificate of Origin from UMFCCI. The exporter pays the recommendation fee at Myanmar Paddy Producers Association (MPPA). - Exporter prepares invoice and packing list to send to the importer. <p>3.8.5 MPPA receives request and recommendation fee.</p> <p>3.8.6 MPPA issues recommendation for Certificate of Origin.</p> <p>3.8.7 Exporter receives recommendation of for a Certificate of Origin and prepares all required documents for the application.</p> <p>3.8.8 UMFCCI reviews the submitted documents.</p> <p>3.8.9 If the documents meet all requirements, UMFCCI issues a payment order for the Certificate of Origin.</p> <p>3.8.10 Exporter makes the payment.</p> <p>3.8.11 UMFCCI receives the payment and issues the Certificate of Origin.</p> <p>3.8.12 Exporter receives Certificate of Origin from UMFCCI.</p> <p>3.8.13 Exporter collects Bill of Lading, Certificate of Origin, commercial invoice and packing list.</p>		<p>1-500 tons = MMK 1,000</p> <p>500-1000 tons = MMK 5,000</p> <p>More than 1000 tons = MMK 10,000</p> <p>(If exporter is not a member of MPPA, the fees are doubled)</p> <p>1-50 tons = MMK 6,000</p> <p>51-100 tons = MMK 8,000</p> <p>More than 100 tons = MMK 10,000</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter is ready to send all shipping documents, including the Certificate of Origin and Bill of Lading to the importer by courier service. 		
Average time required to complete this business process	2-3 days		

6.2.2. Mango

1. The Buy process

1.1 Participate in Auction

1.1) Participate in Auction

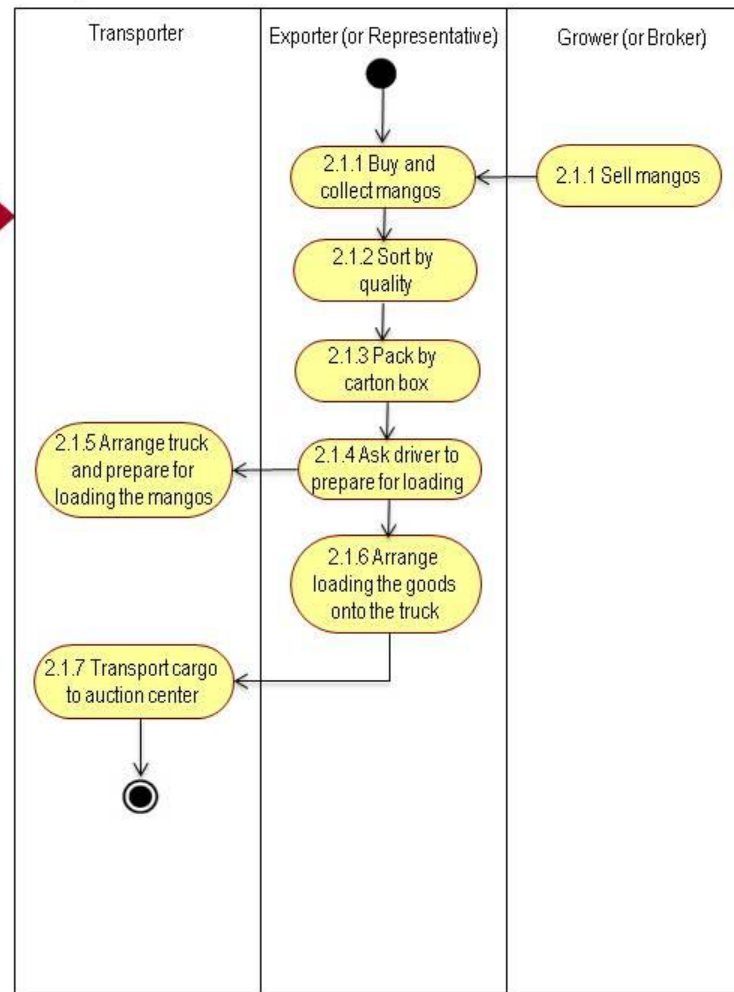


Name of process area	1. Buy	Lead Time (Max-Min)	Cost
Name of business process	1.1) Participate in Auction	1 hour	
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Importer (trader) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter transported the mangos to the trading center to participate in the auction. 		
Activities and associated documentary requirements	1.1.1 Importer/trader submits a bid based on quality and quantity of the mangos during the auction. 1.1.2 The highest offer wins the auction 1.1.3 Exporter accepts the bid.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter and importer concluded the auction and agreed (orally) on a place for cargo handover and payment 		
Average time required to complete this business process	1 hour		

2. The Ship process

2.1 Arrange Land Transport to Auction Center

2.1) Arrange Land Transport to Auction Center

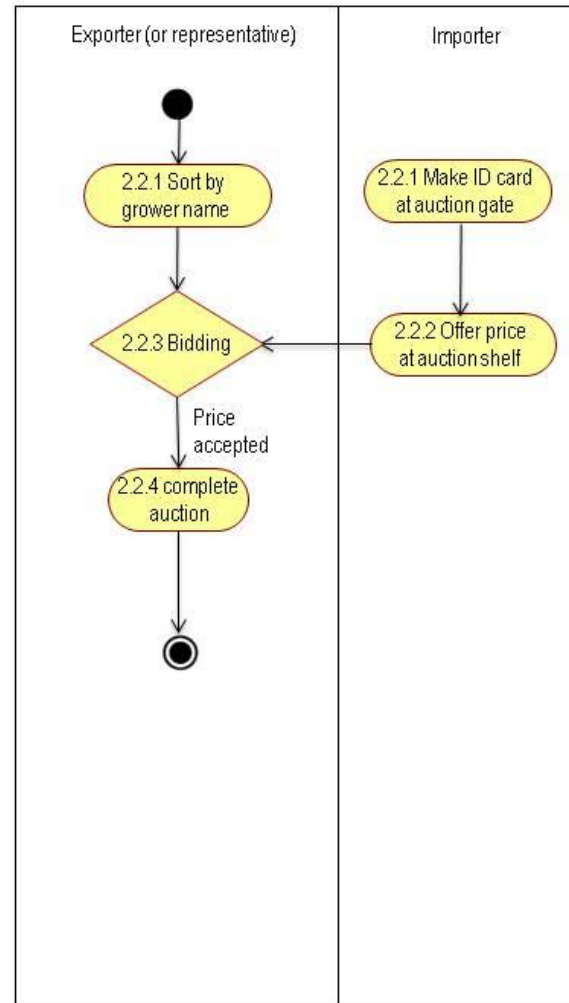


Name of process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.1) Arrange Transport to Auction Center	6 hours	MMK 3000/box (includes transportation, loading & unloading, labor for picking and packing, packaging, brokers fees)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Grower (or Broker) • Transporter 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has a list of Mango potential growers (or brokers) . • Picking and Packaging processes have already finished. 		

Activities and associated documentary requirements	<p>2.1.1 Exporter collects mangos from his own plantation (and buys additional fruits from growers/small traders). In some cases, mango growers also come to the exporter to sell their mangos.</p> <p>2.1.2 Exporter sorts the mango by quality.</p> <p>2.1.3 After sorting, the exporter starts to pack the fruits in carton boxes.</p>		
Activities and associated documentary requirements	<p>2.1.4 Exporter requests the transporter to arrange the truck for loading.</p> <p>2.1.5 Transporter makes the truck available.</p> <p>2.1.6 Exporter arranges loading process.</p> <p>2.1.7 Transporter brings the mangos to the auction center (Myanmar Vegetables & Fruits Exporter and Producer Association) at the border to sell the mangoes.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Loaded truck on the way to auction center at the border. 		
Average time required to complete this business process	6 hours		

2.2 Arrange Auction

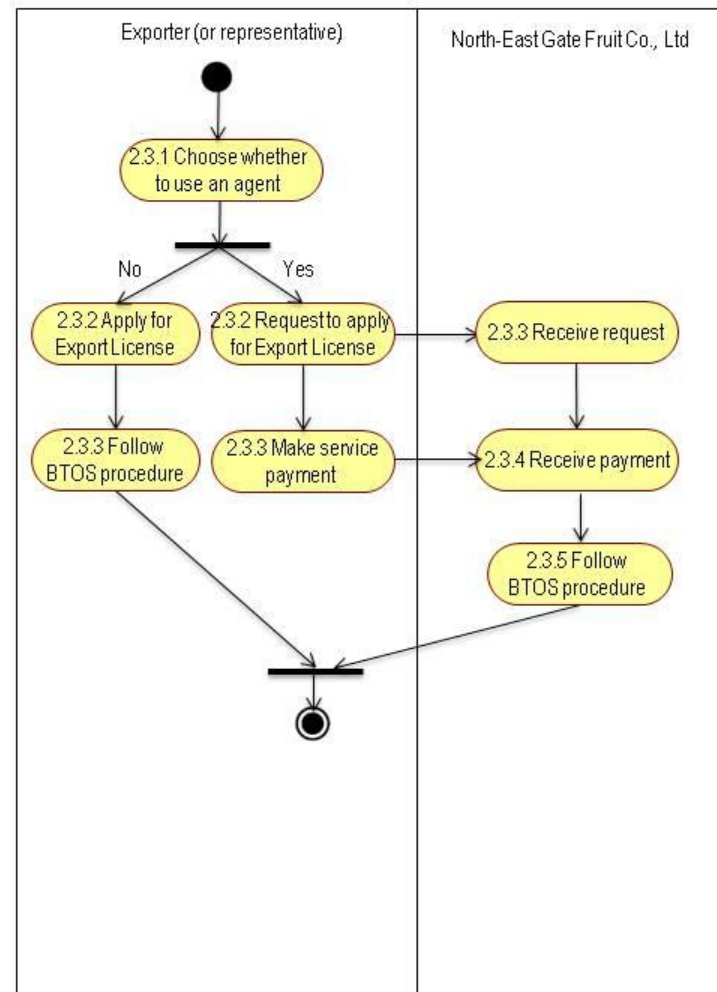
2.2) Arrange Auction



Name of process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.2) Arrange Auction	4-5 hours	5% of total value (broker fee)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Importer (buyer) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Importers (buyers) must have obtained Auction Pass to participate in the auction. 		
Activities and associated documentary requirements	<p>2.2.1</p> <ul style="list-style-type: none"> - The mangos are sorted by type and name of exporter. Before the auction, the kind of mango and name of exporter is announced to inform all auction participants. - All importers register at the auction gate to obtain an auction pass (pre-requisite to take part in the auction process). <p>2.2.2 Importers assess the value of the goods and make offers.</p> <p>2.2.3 Bidding process.</p> <p>2.2.4 The highest bidder gets the sale.</p> <p>2.2.5 The exporter and importer agree on the offered price and complete the auction process (no contracts).</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Mangos are ready to be transported to China. 		
Average time required to complete this business process	4-5 hours		

2.3 Apply for Export License

2.3) Application for BTOS procedure

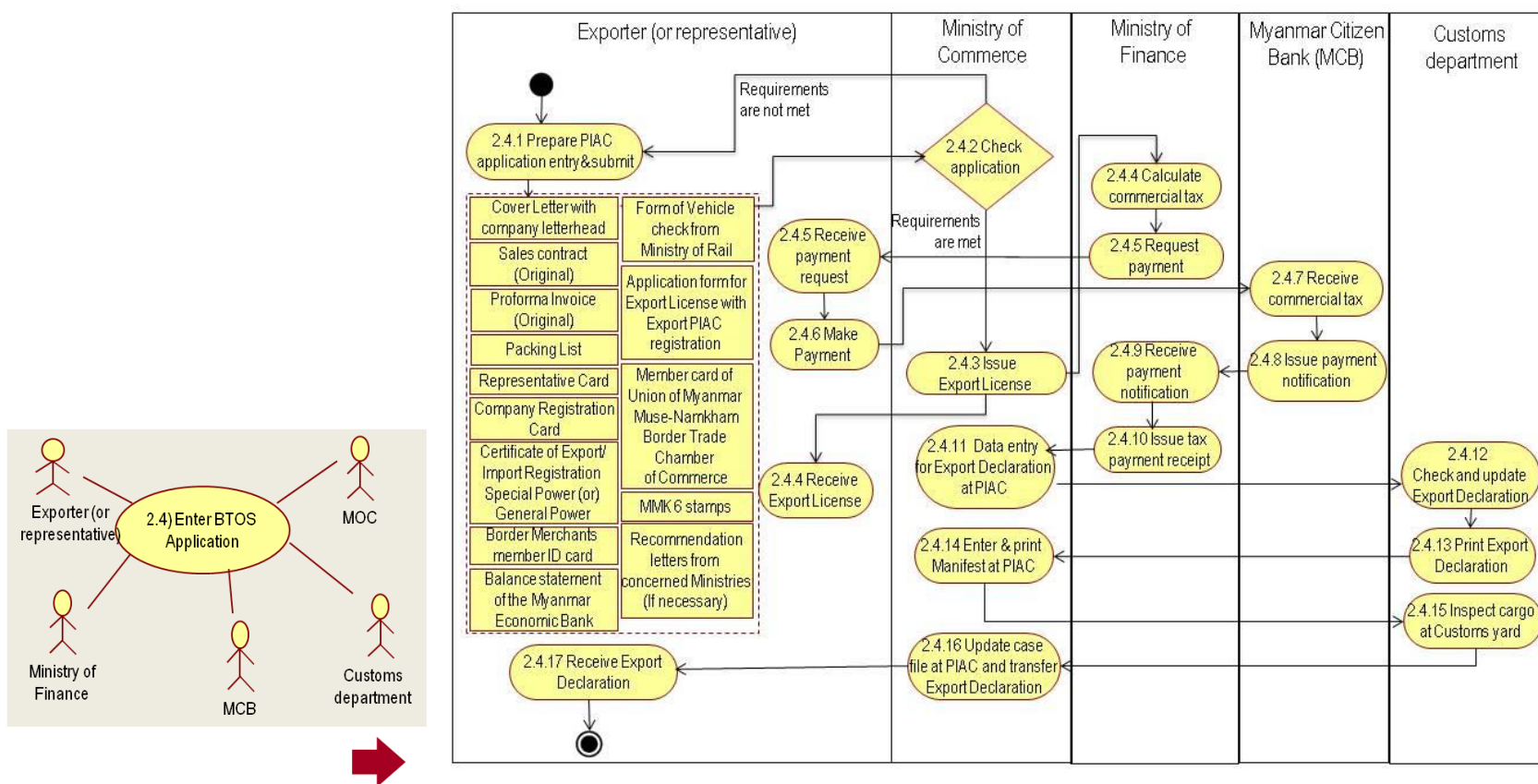


Name of process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.3) Application for BTOS procedure	2 hours	<ul style="list-style-type: none"> - ??? (apply himself) - MMK 50/box (hire agent) - 10,000 Yuan/year (Signboard fees) - 1 cent Yuan/box (Shelf fees)
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • North-East Gate Fruit Co., Ltd 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Mangos are ready for export 		
Activities and associated documentary requirements	<p>2.3.1 Exporter must decide whether to complete the process on his own or to use an agent (North-East Gate Fruit Co., Ltd).</p> <p>Option 1: Without agent:</p> <p>2.3.2 Exporter applies for an Export License and CusDec.</p> <p>2.3.3 Exporter follows the BTOS procedures.</p>		
Activities and associated documentary requirements	<p>Option 2: Using an agent</p> <p>2.3.2 The exporter requests the agent to apply for an Export License on the exporter's behalf.</p> <p>2.3.3</p> <ul style="list-style-type: none"> - The agent receives the request from the exporter. - Exporter make a payment for service charges. <p>2.3.4 The agent receives the payment.</p> <p>2.3.5 The agent follows the BTOS procedure.</p>		

Output criteria to exit the business process	<ul style="list-style-type: none"> The Exporter is ready to start the BTOS procedure. 		
Average time required to complete this business process	2 hours		

2.4 Enter BTOS Application

2.4) Enter Border Trade Online System (BTOS) Application



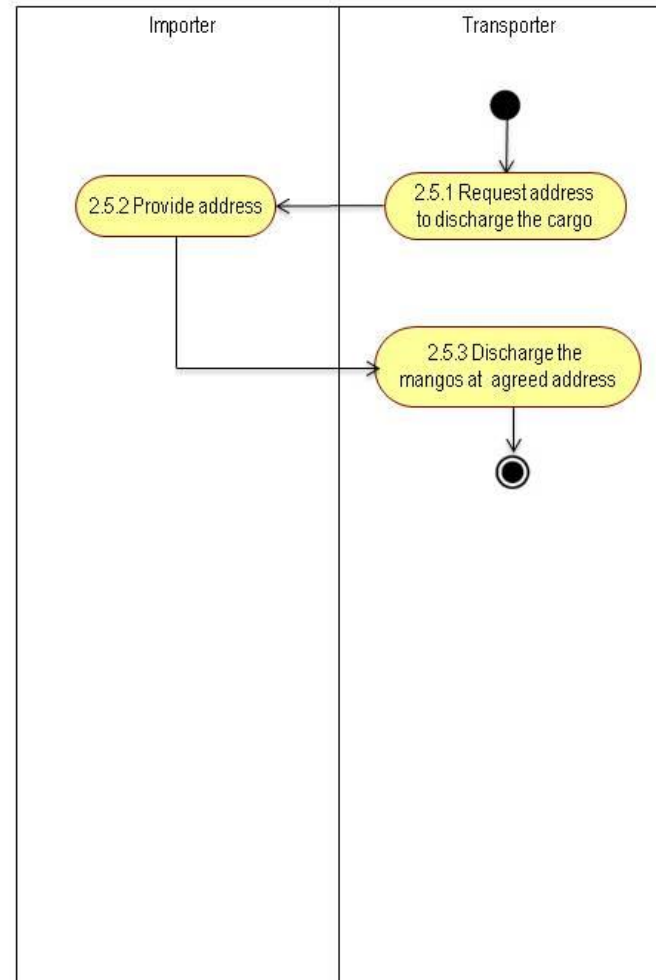
Name of process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.4) Enter BTOS Application	1 day	MMK 5,000 + 5% commercial tax of export value
Related laws, rules, and regulations	<ul style="list-style-type: none"> Export and Import Law, 2012 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Ministry of Commerce (MOC), Department of Commerce and Consumer Affairs and Public Internet Access Center (PIAC) Ministry of Finance Myanmar Citizen Bank (MCB) Customs department 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> All required documents are ready. 		

Activities and associated documentary requirements	<p>2.4.1 Exporter prepares and submits application for the Export License and necessary documents at the Public Internet Access Center (PIAC).</p> <p>2.4.2 The Export section, Department of Commerce and Consumer Affairs, at Ministry of Commerce (MOC) scrutinizes all documents.</p> <p>2.4.3 Department of Commerce and Consumer Affairs issues the Export License if submitted documents meet all requirements.</p> <p>2.4.4</p> <ul style="list-style-type: none"> - Ministry of Finance calculates the commercial tax to charge the exporter (5% of export value). - Exporter receives Export License. <p>2.4.5</p> <ul style="list-style-type: none"> - Ministry of Finance requests exporter to pay. - Exporter receives payment request from Ministry of Finance . <p>2.4.6 Exporter makes a commercial tax payment to Myanmar Citizen Bank (MCB).</p> <p>2.4.7 MCB receives commercial tax based on the calculation of the Ministry of Finance .</p> <p>2.4.8 MCB issues payment notification and informs the Ministry of Finance .</p> <p>2.4.9 Ministry of Finance receives the payment notification.</p> <p>2.4.10 Ministry of Finance issues commercial tax payment receipt.</p> <p>2.4.11 Department of Commerce and Consumer Affairs make data entry of Export Declaration at PIAC.</p> <p>2.4.12 Customs Department checks and updates the Export Declaration.</p> <p>2.4.13 Customs department prints a hard copy of the Export Declaration and sends an e-Export Declaration to the Department of Commerce and Consumer Affairs.</p> <p>2.4.14 The Department of Commerce and Consumer Affairs enters the data of the case file and prints the manifest at PIAC.</p> <p>2.4.15 Customs department physically inspects the cargo at the inspection yard.</p> <p>2.4.16 The case file is updated by Department of Commerce and Consumer Affairs and the Export Declaration issued.</p> <p>2.4.17 Exporter receives Export Declaration.</p>	<p>MMK 5,000 (Online application fee) 5% commercial tax of export value</p>
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Output criteria to exit the business process	<ul style="list-style-type: none">• Exporter receives the Export License and Export Declaration.		
Average time required to complete this business process	1 days		

2.5 Arrange Transport to China

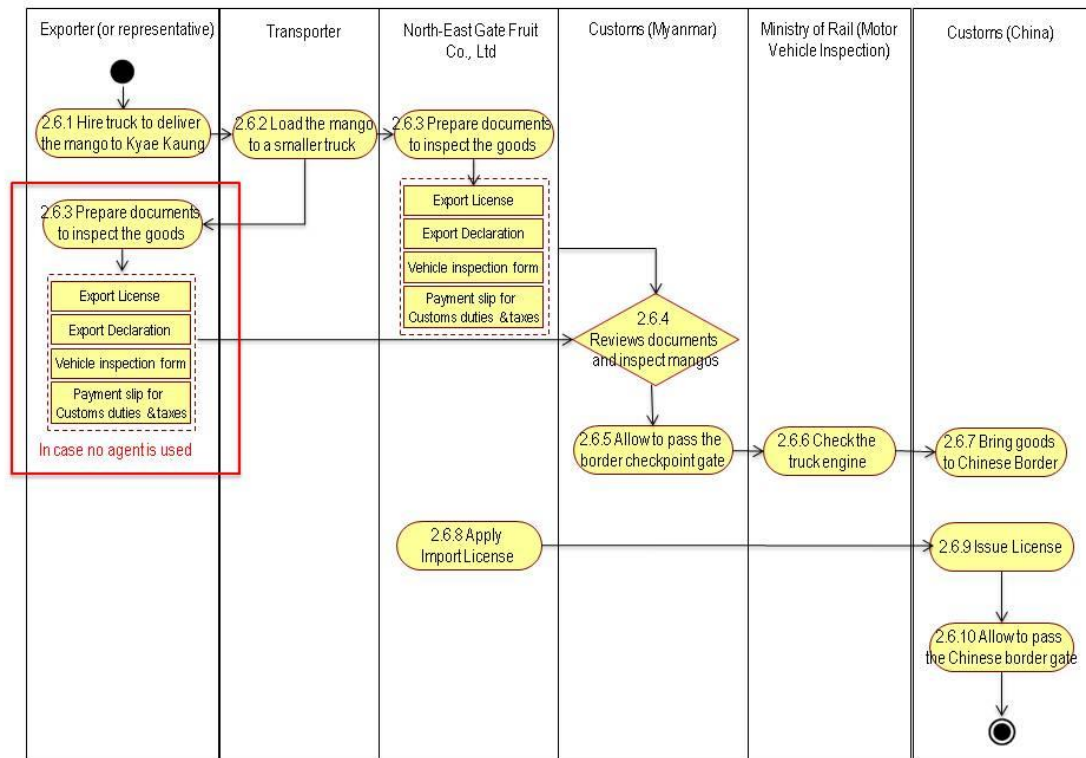
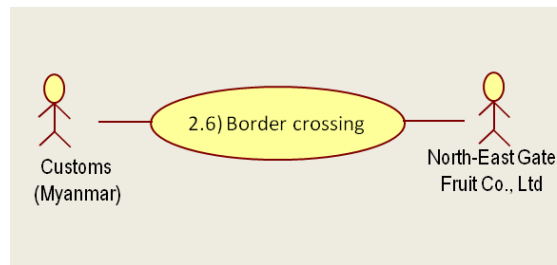
2.5) Arrange Transport to China



Name of process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.5 Arrange transport to China	2.5 hours	
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Transporter • Importer 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The goods are already loaded onto the truck and ready for transport. 		
Activities and associated documentary requirements	2.5.1 Transporter enquires the address to discharge the cargo. 2.5.2 Importer provides the address (either warehouse or transshipment facilities). 2.5.3 Transporter discharges the mangos either at a warehouse or transships the mangos onto another truck.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Transporter unloads the mangos at a warehouse or transships the mangos onto another truck. 		
Average time required to complete this business process	2.5 hours		

2.6 Delivery to Border Checkpoint

2.6) Border Crossing



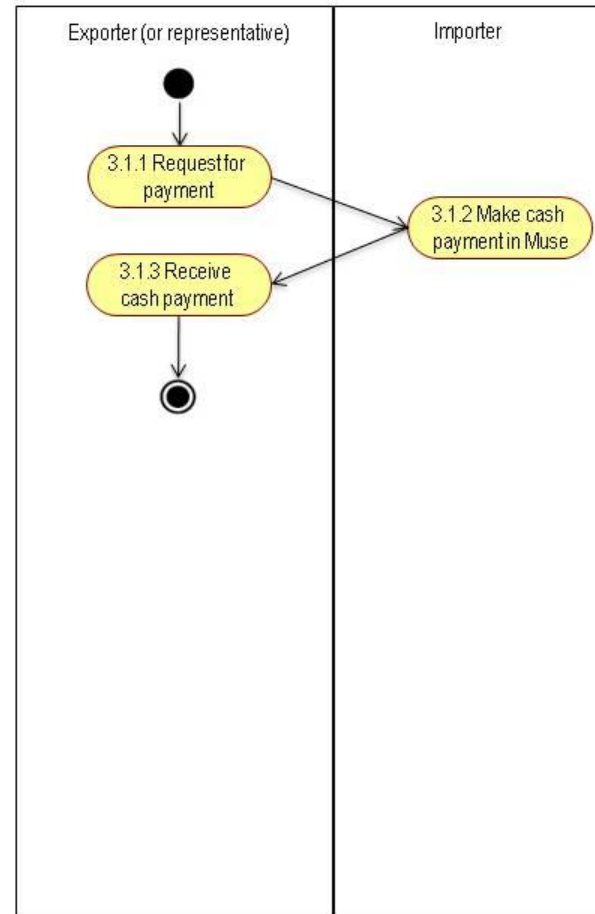
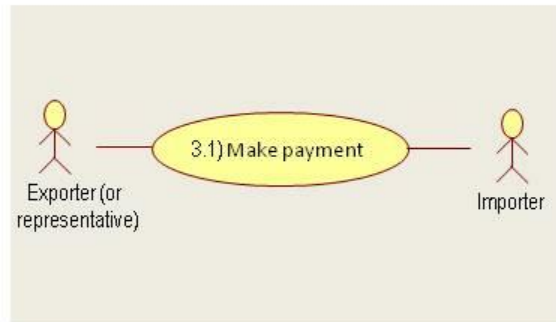
	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.6) Border Crossing	2 hours	With agent: See process 2.3 Without agent: UNKNOWN Transport costs: MMK 80 per box
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> Customs (Myanmar) North-East Gate Fruit Co., Ltd 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter has already have export license. 		
Activities and associated documentary requirements	<p>2.6.1 Exporter hires small truck to deliver the mango from the auction center to the Kyae Kaung border point.</p> <p>2.6.2 The transporter loads the mangos onto the truck and transports them to Kyae Kaung.</p> <p>2.6.3 North-East Gate Fruit Co., Ltd prepares all required documents for the inspection of the mangos by the Myanmar Customs</p> <p>2.6.4 Myanmar Customs reviews the submitted documents and inspect the mangos.</p> <p>2.6.5 If the documents and mangos meet all requirements Customs allows the truck to pass the border checkpoint gate.</p> <p>2.6.6 Ministry of rail checks the truck condition including truck engine in order to prevent illegal import of truck spare parts.</p> <p>2.6.7 The transporter brings the goods to the Chinese border</p> <p>2.6.8 North-East Gate Fruit Co., Ltd applies for an Import License at Chinese</p>		MMK 80 per box

	<p>Customs.</p> <p>2.6.9 The Chinese Customs issues the Import License based on their regulations.</p> <p>2.6.10 Chinese Customs allows transporter to pass the Chinese border gate.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives CusDec. 		
Average time required to complete this business process	2 hours		

3. The Pay process

3.1 Make payment

3.1) Make payment



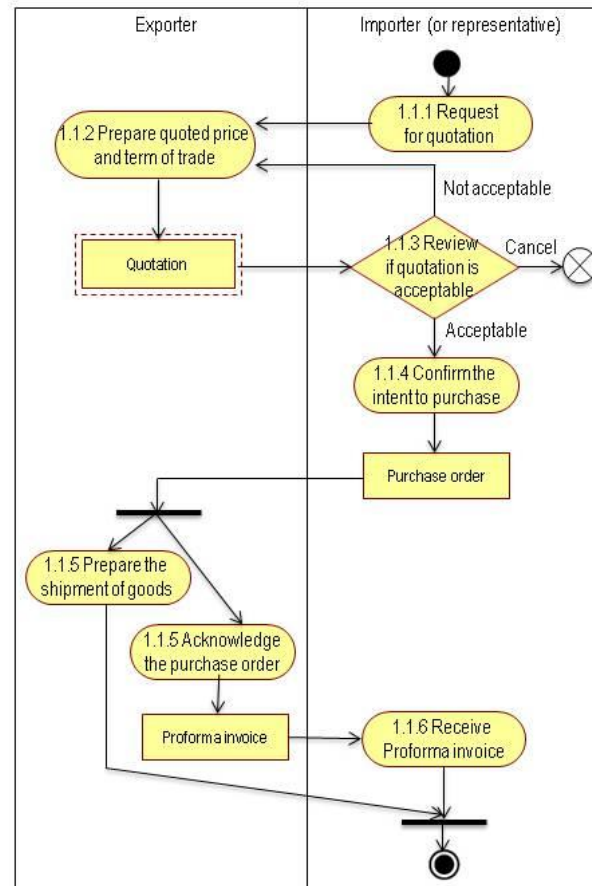
Name of process area	2. Pay	Lead Time (Max-Min)	Cost
Name of business process	3.1) Make payment	1 hour	
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Importer 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter delivered the goods and importer accepted the cargo. 		
Activities and associated documentary requirements	3.1.1 Exporter requests importer to make cash payment. 3.1.2 Importer makes cash payment (in Muse). 3.1.3 Exporter receives the payment.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • The sale is concluded with the payment. 		
Average time required to complete this business process	1 hour		

6.2.3. Palm Oil

1. The Buy Process

1.1 Conclude sales contract

1.1) Conclude Sales Contract



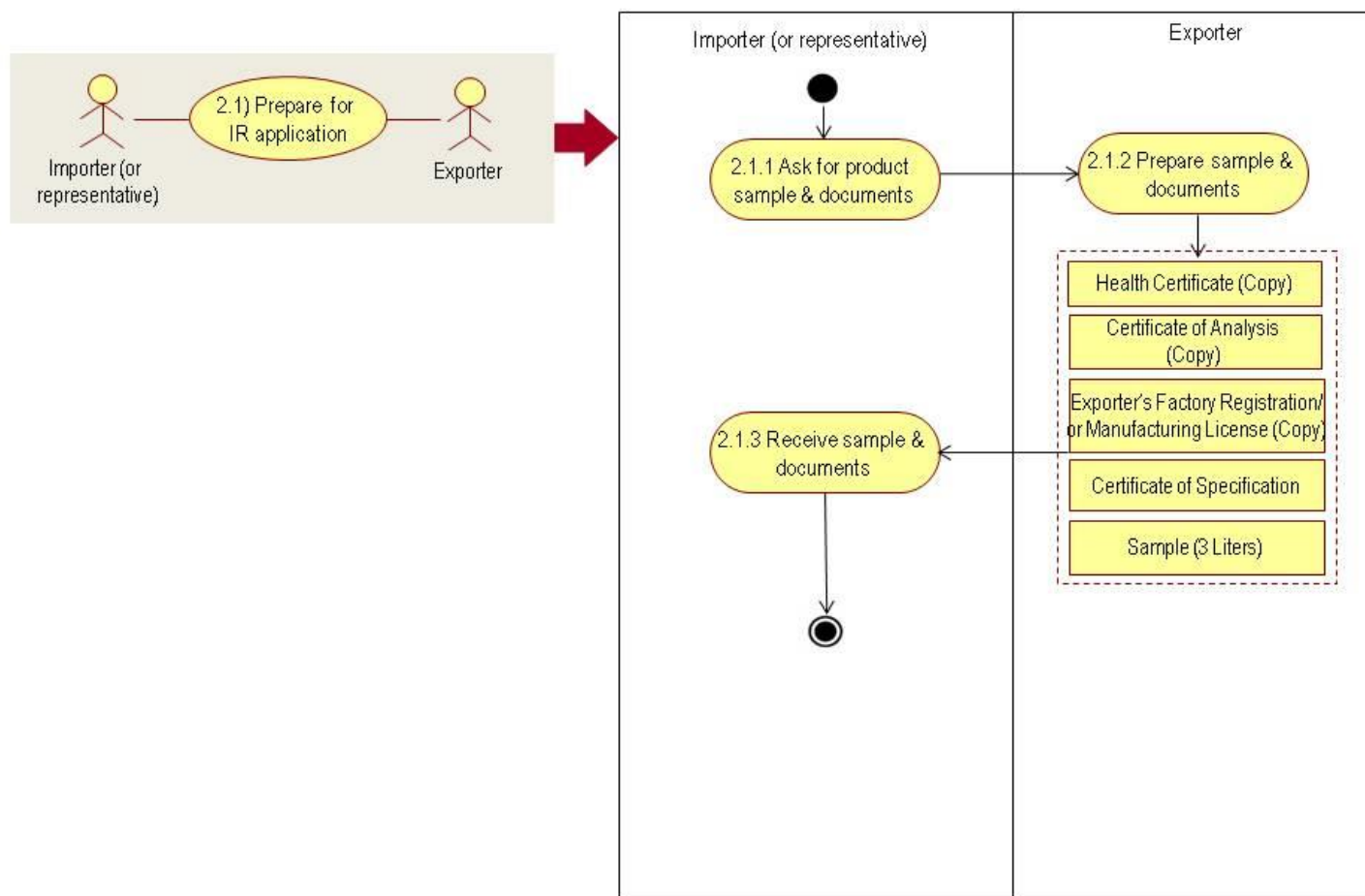
Name of process area	1. Buy	Lead Time (Max-Min)	Cost
Name of business process	1.1) Conclude sale contract	1 day	
Related laws, rules, and regulations	Incoterms		
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Exporter 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Importer has a list of potential palm oil sellers. 		
Activities and associated documentary requirements	<p>1.1.1 Importer requests a quotation from potential exporters.</p> <p>1.1.2 Exporter prepares the quotation (price and sales terms).</p> <p>1.1.3 Importer reviews the quotation and determines if the quoted price and sales terms are acceptable. If the quoted price and sales terms are not acceptable, importer negotiates with the exporter about revising the quoted price and/or sales terms.</p> <p>1.1.4 If the quoted price and sales terms are acceptable, importer confirms the purchase of goods with a purchase order.</p> <p>1.1.5 Exporter acknowledges the receipt of the purchase order and confirms that the palm oil will be delivered according to the agreed price and sales terms by sending the importer a proforma invoice. In addition, the exporter prepares the delivery of goods.</p> <p>1.1.6 Importer receives the proforma invoice.</p>		

Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter and importer agreed on the price and contract terms and have concluded the sales contract. • Based on the purchase order, the exporter starts to prepare for the export of goods. 		
Average time required to complete this business process	1 day		

2. The Ship Process

2.1 Prepare Import Recommendation Application

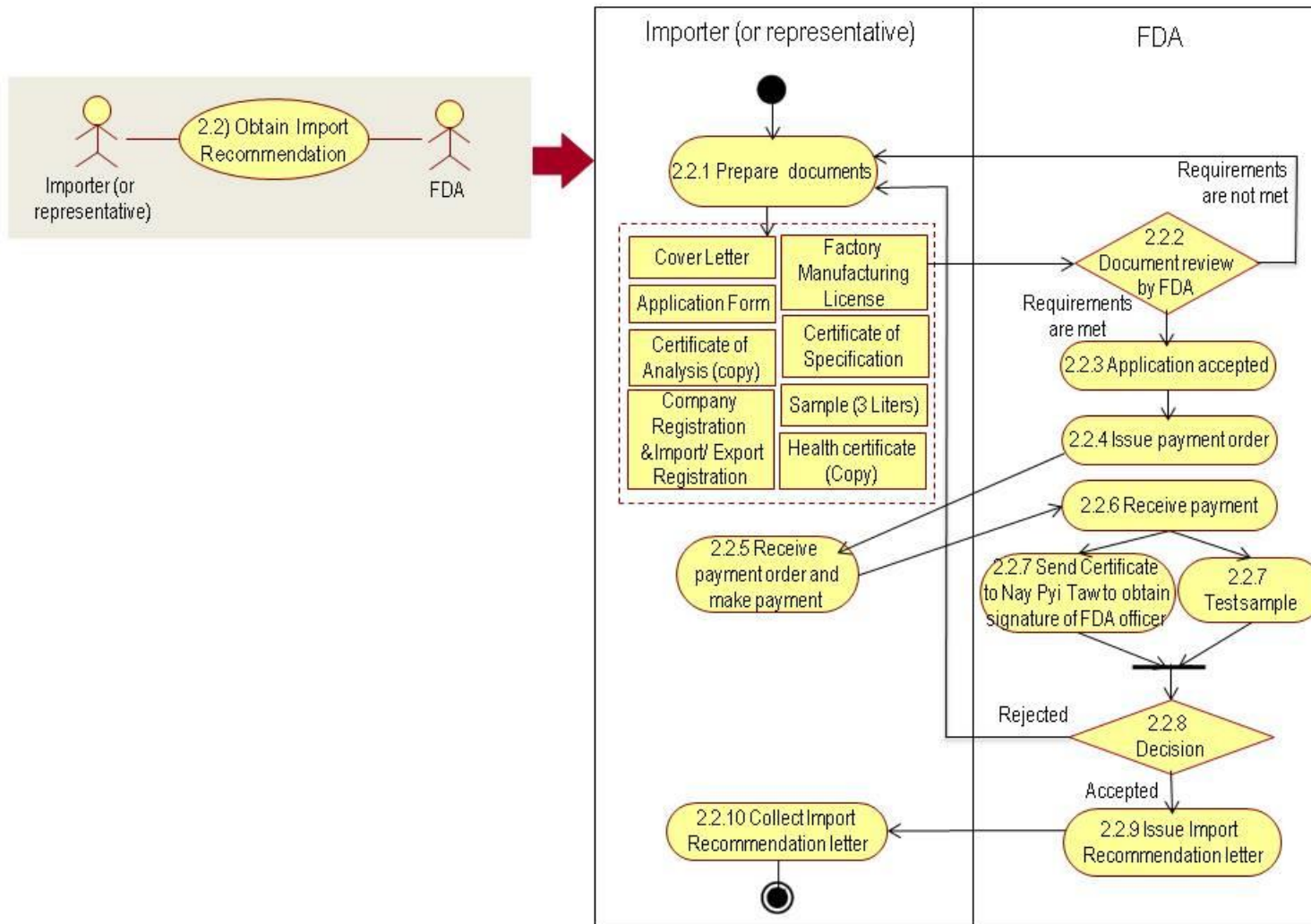
2.1) Prepare for IR application



Name of a process area	2. Ship	Lead Time	Cost
Name of business process	2.1) Prepare for IR application	2 days (max – min time)	No costs
Related laws, rules, and regulations	<ul style="list-style-type: none"> National Food Law (1997) 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Exporter 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Importer and exporter have already concluded sales contract and agreed on contract terms. 		
Activities and associated documentary requirements	2.1.1 Importer asks exporter to send sample and documents for Import Recommendation application. 2.1.2 Exporter sends a 3-liter sample product and the documents requested (by Courier service). 2.1.3 Importer receives sample product and documents.		
Output criteria to exit the business process	<ul style="list-style-type: none"> Importer collect sample and documents from exporter and is ready to submit IR application to FDA. 		
Average time required to complete this business process	2 days		

2.2 Obtain import recommendations

2.2) Obtain Import Recommendation

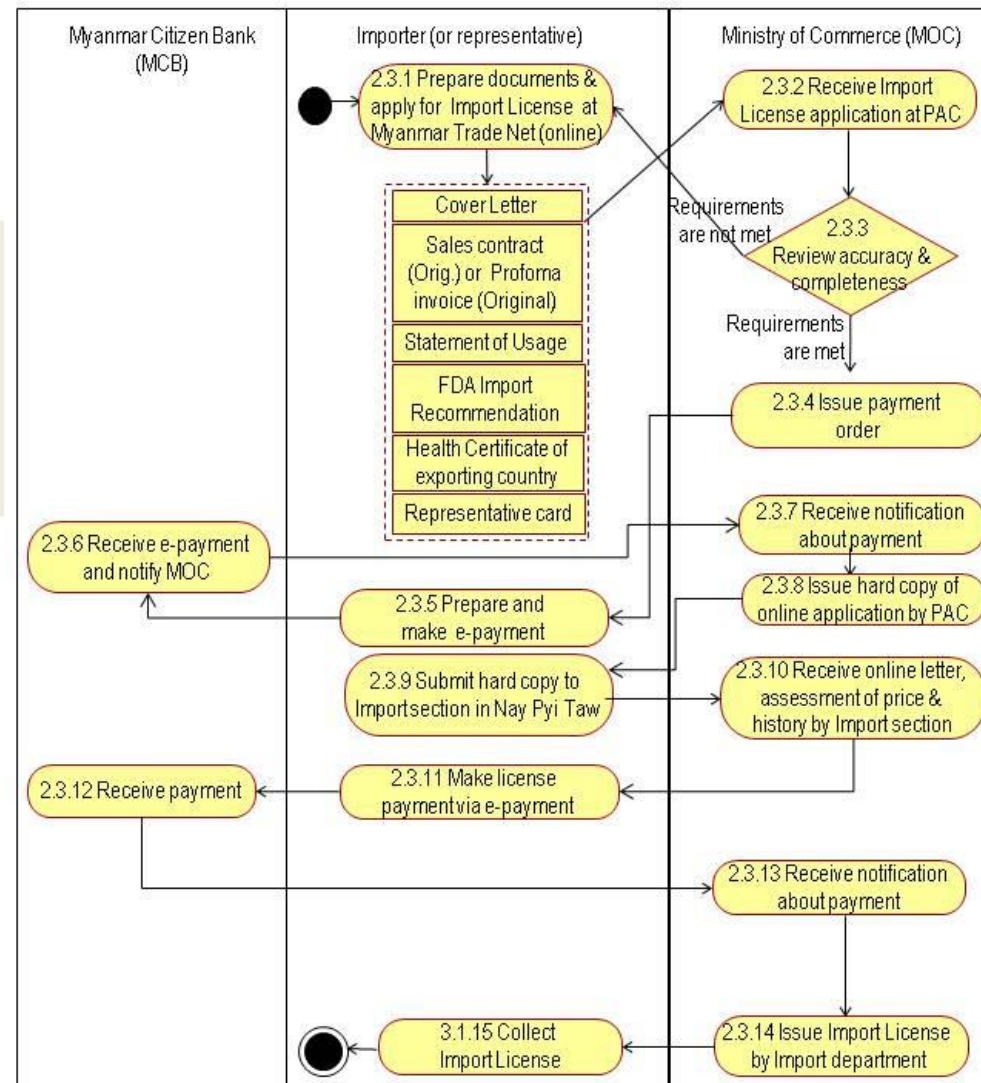
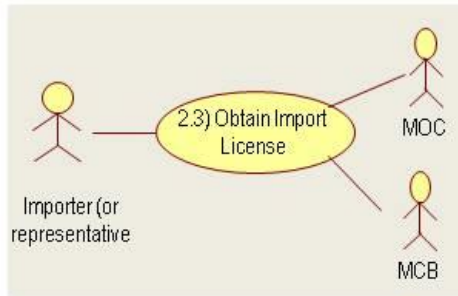


Name of a process area	2. Ship	Lead Time (min-max)	Cost (min-max)
Name of business process	2.2) Obtain Import Recommendation	4 days	MMK 40,000
Related laws, rules, and regulations	<ul style="list-style-type: none"> National Food Law (1997) 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Food and Drug Administration (FDA), Ministry of Health 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Required documents and product sample (3 liters) 		
Activities and associated documentary requirements	<p>2.2.1 Importer (or representative) prepares the documents and sample required for the IR application.</p> <p>2.2.2 FDA reviews the documents and sample.</p> <p>2.2.3 If submitted documents meet FDA's requirements, application is accepted.</p> <p>2.2.4 FDA issue payment order for testing.</p> <p>2.2.5 Importer receives payment order and make payment.</p> <p>2.2.6 FDA receives payment.</p> <p>2.2.7</p> <ul style="list-style-type: none"> FDA tests the sample. FDA (Yangon) sends the Import Recommendation Certificate to the FDA (Nay Pyi Taw) to obtain an officer's signature. <p>2.2.8 If the sample tested does not meet the standards, FDA rejects the application.</p> <p>2.2.9 If the sample meets the standards, FDA issues the IR certificate.</p> <p>2.2.10 IR certificate can be collected.</p>		

Output criteria to exit the business process	<ul style="list-style-type: none">• Importer receives the Import Recommendation from the FDA.		
Average time required to complete this business process	4 days		

2.3 Obtain import license

2.3) Obtain Import License (pre-arrival of vessel)

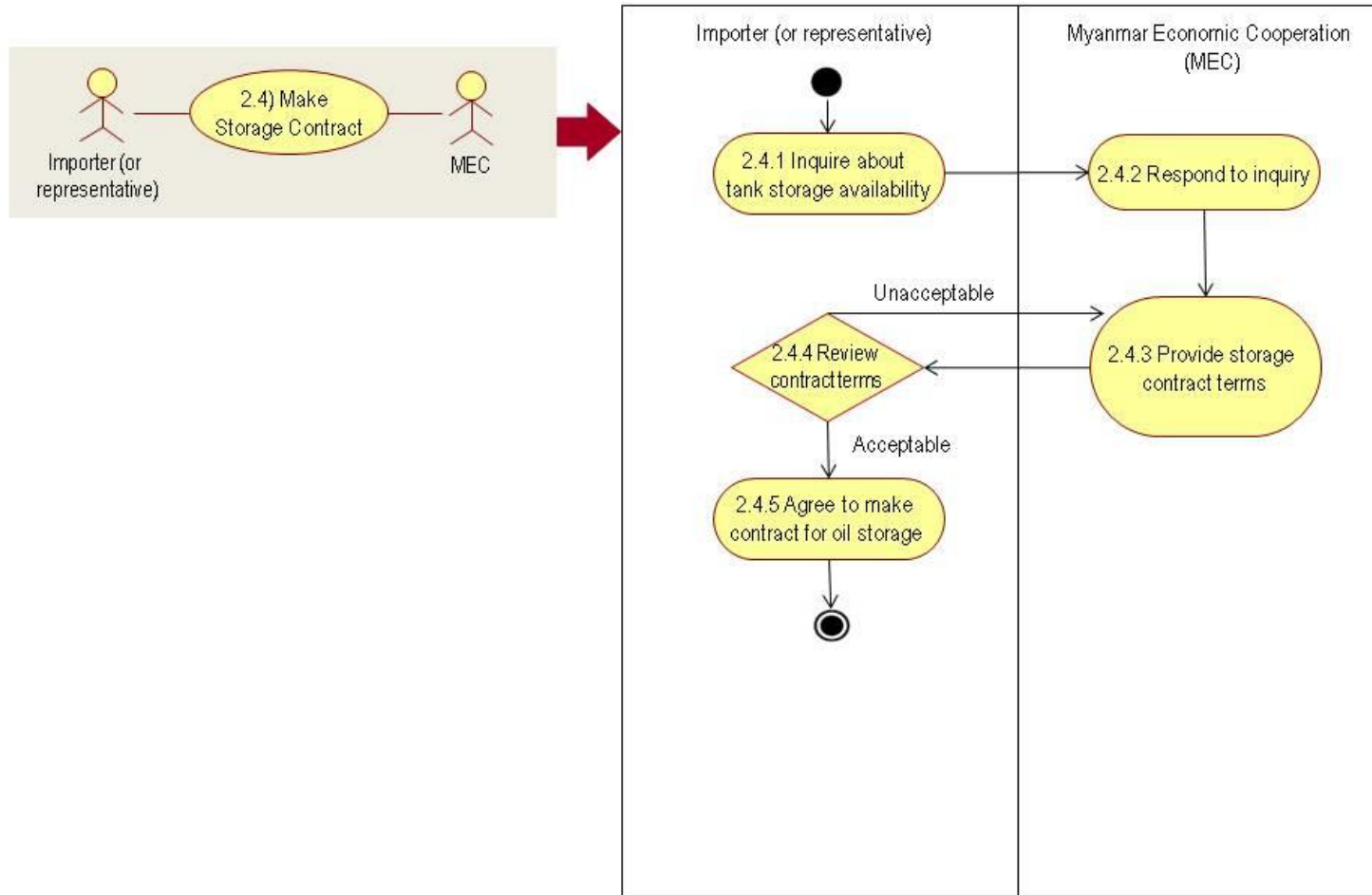


Name of a process area.	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.3) Obtain Import License (pre-arrival of vessel)	3 days (Non-auto export items)	MMK 5,000; min. MMK 50,000 (Depending on import value) MMK 60,000 Transport cost to Nay Pyi Taw
Related laws, rules, and regulations	<ul style="list-style-type: none"> Export and Import Law, 2012 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Ministry of Commerce (Directorate of Trade) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Required documents including Import Recommendation from FDA. 		

Activities and associated documentary requirements	<p>2.3.1 Importer prepares required document and submits online application at Myanmar trade net website.</p> <p>2.3.2 Public access center (PAC) at MOC receives the submitted documents.</p> <p>2.3.3 PAC checks accuracy and completeness of the online application.</p> <p>2.3.4 If submitted documents meet all requirements, PAC gives order to make e-payment at Myanmar Citizen Bank (MCB).</p> <p>2.3.5 Importer completes the e-payment.</p> <p>2.3.6 MCB receives e-payment, issues a receipt, and notifies MOC.</p> <p>2.3.7 Import section of MOC receives notification (or receipt) of e-payment.</p> <p>2.3.8 PAC issues a hard copy of the online application and makes it available to the exporter.</p> <p>2.3.9 Importer brings the hard copy of the Import License application to the Import section of the Ministry of Commerce in Nay Pyi Taw.</p> <p>2.3.10 The Import section assesses the current market price of the products based on records of the Myanmar Edible Oil Association</p> <p>2.3.11 Importer pays Import License fees via e-payment.</p> <p>2.3.12 MCB receives the Import License fees.</p> <p>2.3.13 MOC receives notification of Import License duty payment from MCB.</p> <p>2.3.14 Import section of MOC issues Import License.</p> <p>2.3.15 importer collects the Import License.</p>		<p>MMK 5,000 (online application)</p> <p>Min. MMK 50,000 (but depends on the import value)</p> <p>MMK 60,000</p> <p>Transportation cost from Yangon to Nay Pyi Taw</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> Importer (or representative) receives the Import License. 		
Average time required to complete this business process	3 days (Non-auto export items)		

2.4 Make Storage Contract

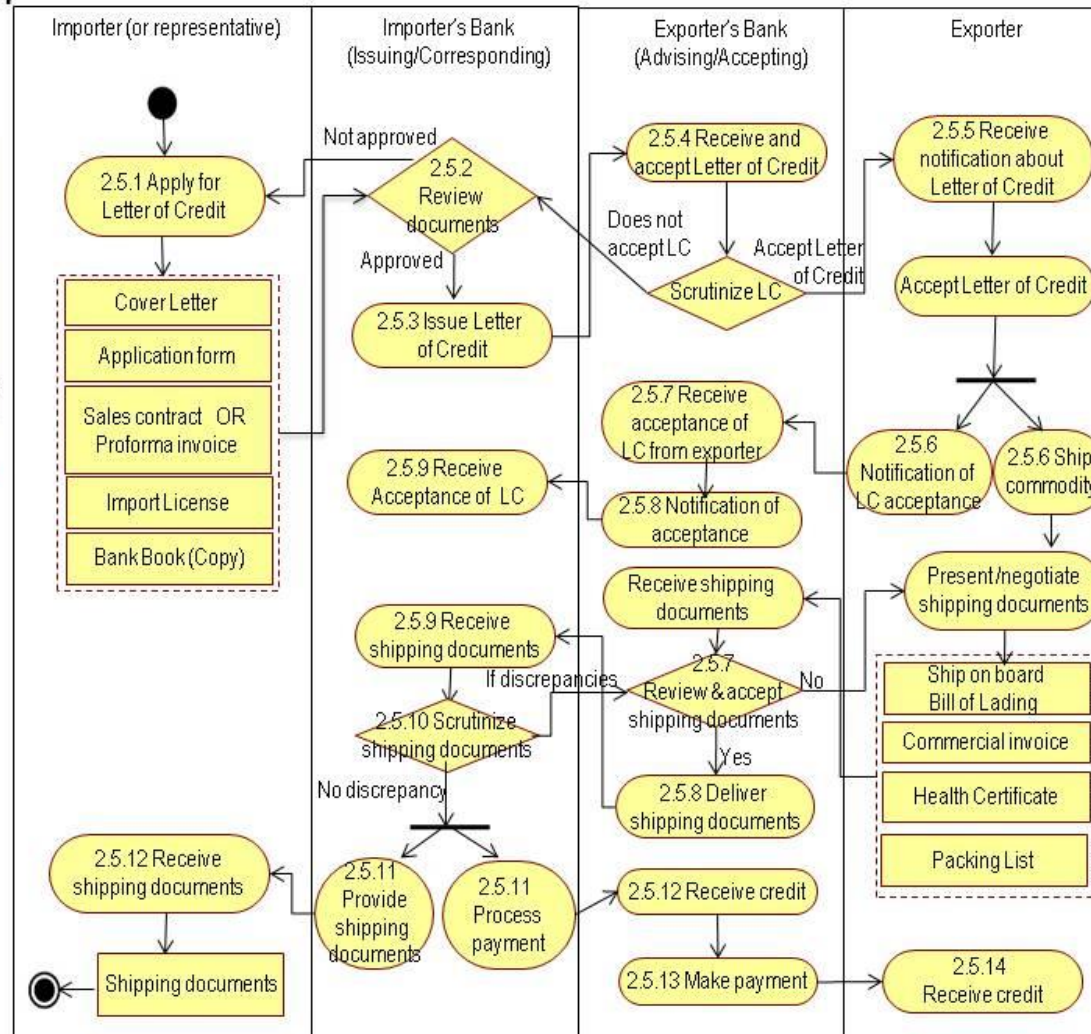
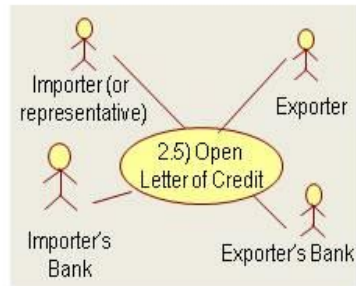
2.4) Make Storage Contract



Name of process area	2. Ship	Lead Time	Cost
Name of business process	2.4 Make Storage Contract	5 hours	No costs
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Myanmar Economic Corporation (MEC) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Application Letter • Have estimated time of arrival of the ship. 		
Activities and associated documentary requirements	<p>2.4.1 Importer (or representative) inquires about storage tank availability .</p> <p>2.4.2 Myanmar Economics Corporation (MEC) responds to the inquiry.</p> <p>2.4.3 If a storage tank is available, MEC provides the storage contract terms.</p> <p>2.4.4 Importer reviews the contract terms. If the contract terms do not meet the importer's requirement, importer negotiates again with MEC.</p> <p>2.4.5 If storage contract terms meet the importer's requirement, the importer signs the contract.</p>		
Output criteria to exit the business process	Reservation of oil storage tank (contract)		
Average time required to complete this business process	5 hours		

2.5 Opening letter of credit

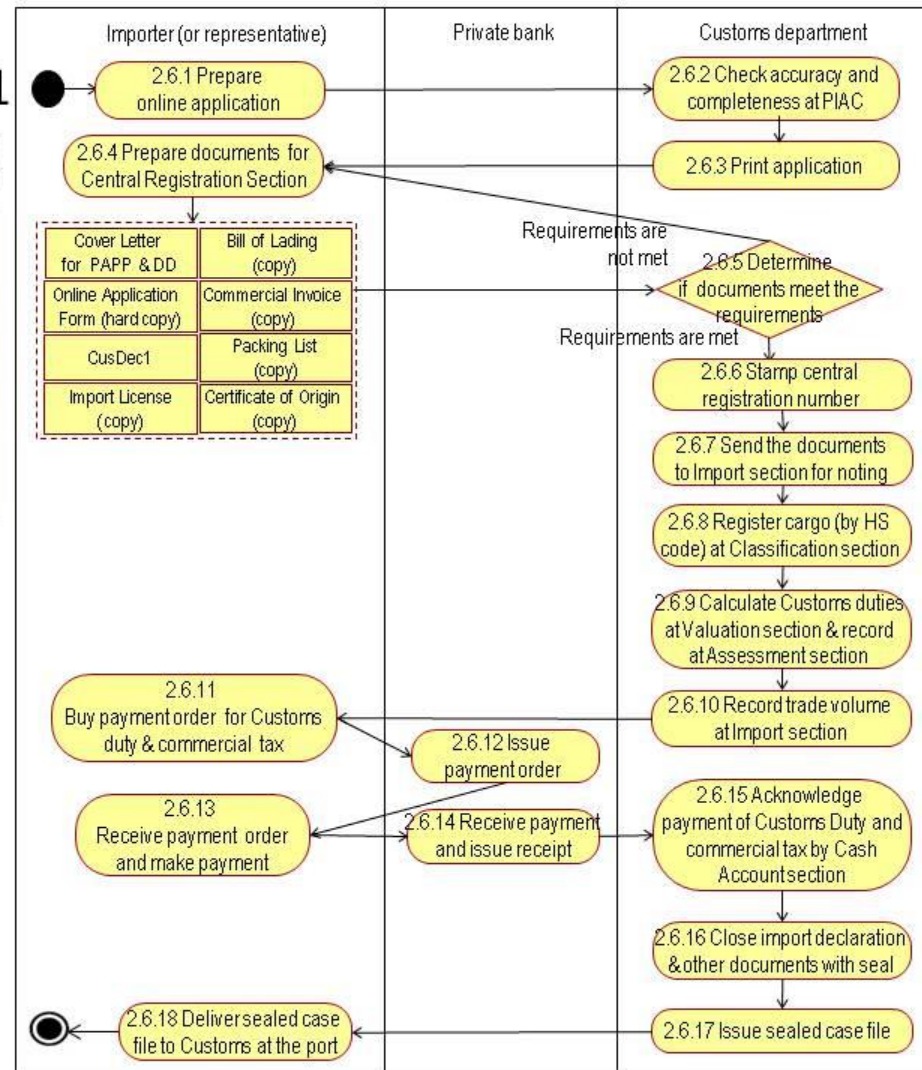
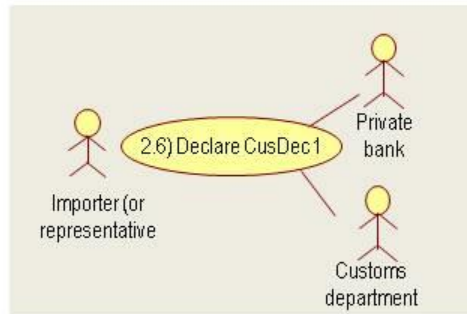
2.5) Open Letter of Credit



Name of process area	2. Ship	Lead Time	Cost
Name of business process	2.5) Opening LC	10 days (Depend on sales contracts)	0.125% of Invoice + Bill (Euro 50/bill or equivalent USD amount)
Related laws, rules, and regulations	<ul style="list-style-type: none"> Incoterms 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Importer's bank Exporter Exporter's bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Required documents, including import license and sale contract. 		
Activities and associated documentary requirements	<p>2.5.1 Importer applies for a Letter of Credit (LC) at the importer's bank.</p> <p>2.5.2 Importer's bank reviews all submitted documents and evaluates importer's credit standing.</p> <p>2.5.3 Importer's bank approves the application, issues LC and forwards it to the exporter's bank (advising bank).</p> <p>2.5.4 Exporter's bank receives the LC from his bank and reviews all the terms and conditions.</p> <p>2.5.5 Exporter receives notification of the LC.</p> <p>2.5.6</p> <ul style="list-style-type: none"> - Exporter notify the acceptance of LC to exporter's bank. - The exporter reviews the terms and conditions. If the exporter believes that the importer can meet all terms and conditions, the goods are dispatched. The exporter then sends the shipping documents to the exporter's bank. <p>2.5.7</p> <ul style="list-style-type: none"> -The exporter's bank receives acceptance of LC from exporter and checks the shipping documents against the LC. -Exporter's bank received shipping docs from exporter and reviews the shipping docs. 	<p>1 day</p> <p>1 day</p> <p>1 day</p>	

	<p>2.5.8</p> <ul style="list-style-type: none"> -If the documents meet the terms and conditions of the LC, the bank sends the shipping documents to the importer's bank. -The exporter's bank gives notification of acceptance to importer's bank. <p>2.5.9 Importer's bank receives shipping documents.</p> <p>2.5.10</p> <ul style="list-style-type: none"> -Importer's bank receives and examines the shipping documents. If the documents meet the conditions of the LC, they are released to the importer. -Importer's bank receives acceptance of the Letter of Credit. <p>2.5.11</p> <ul style="list-style-type: none"> -The importer's bank makes the payment to the exporter's bank (credit). -The importer provides the shipping documents to the importer. <p>2.5.12 Exporter's bank receives payment (credit) notification from importer's bank.</p> <p>2.5.13 Exporter's bank transfers the payment to the exporter.</p> <p>2.5.14 The exporter receives the payment from his bank.</p>	<p>By courier</p> <p>1 day</p> <p>1 day</p> <p>2 days</p>	
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter accepted Letter of Credit including the payment. • Importer accepts the delivery of palm oil from the exporter. 		
Average time required to complete this business process	10 days		

2.6 Declare CusDec1

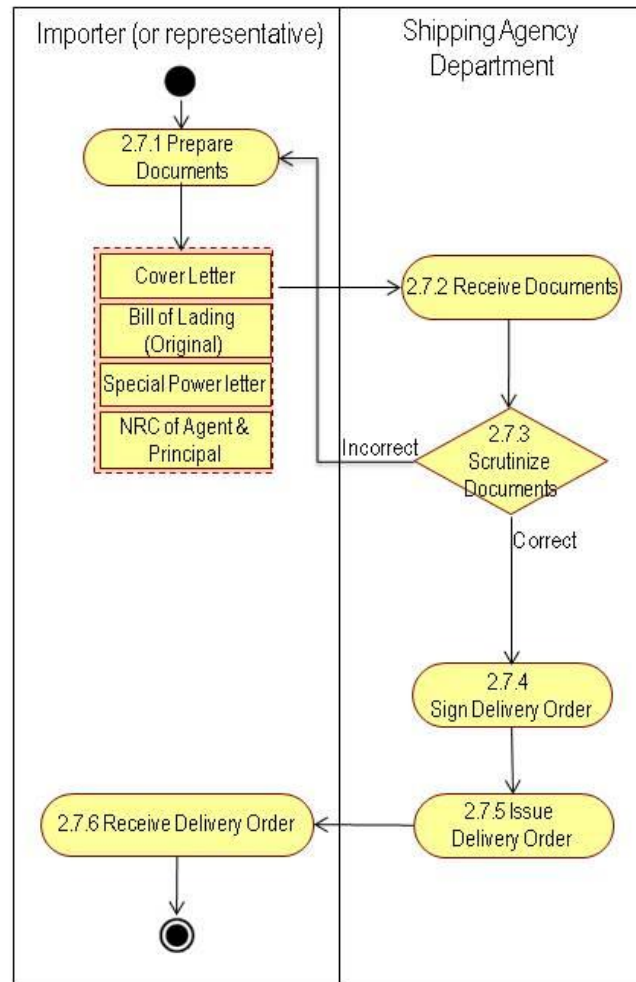
2.6) Declare CusDec 1
(pre-arrival of vessel)

Name of a process area	2. Ship	Lead Time	Cost
Name of business process	2.6) Declare CusDec 1	2 hours	<ul style="list-style-type: none"> - Customs duty – 5% of import value - Commercial tax – 5% of import value - Bank charges – 0.1% of Customs duty (maximum MMK 30,000)
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Customs department • Private bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Import License, Proforma Invoice, • PAPP application form, • Customs Declaration form CusDec 1 		
Activities and associated documentary requirements	<p>2.6.1 Importer prepares online application.</p> <p>2.6.2 Customs department checks accuracy and completeness of application at Public Access Center (PAC).</p> <p>2.6.3 Customs department prints the application at the PAC.</p> <p>2.6.4 Importer receives the printed application and attaches other documents. The Customs Declaration is submitted through the PAPP (pre-arrival processing procedure) to central registration section. Documents submitted include Import License (copy), Online application form, Commercial Invoice (copy), Packaging list (copy), Bill of Lading (copy), Country of Origin (copy) and Customs Declaration form (1 set = 4 copies - green, blue, brown, black).</p> <p>2.6.5 Customs Import department determines if submitted documents</p>		<p>Customs duty – 5% of import value</p> <p>Commercial tax – 5% of import value</p> <p>Bank charges – 0.1% of Customs duty (maximum MMK 30,000)</p>

	<p>meet Customs requirements.</p> <p>2.6.6 Stamp of Central Registration number by Central Registration section.</p> <p>2.6.7 Documents are sent to Import section for noting (without original B/L).</p> <p>2.6.8 Registering the cargo by HS code at the Classification section.</p> <p>2.6.9 The Principal Appraisal calculates and records the Customs duties at valuation section. The submitted documents are checked at the Assessment department under import/export trade control order and rules and regulations.</p> <p>2.6.10 The Import section compiles the trade volume and other records.</p> <p>2.6.11 Importer receives a payment order for Customs duty and commercial tax based on the value provided in the Import Declaration.</p> <p>2.6.12 The bank issues a payment order for those charges.</p> <p>2.6.13 Importer receives the payment order from the bank and pays the Customs duty and commercial tax into the Customs' bank account.</p> <p>2.6.14 The bank receives the payment, issues the payment receipt, and notifies Customs about the received payment.</p> <p>2.6.15 Cash Account section acknowledges the received payment.</p> <p>2.6.16 Customs department seals the Import Declaration and necessary documents.</p> <p>2.6.17 Customs provides the sealed case file to importer.</p> <p>2.6.18 Importer receives the sealed case file and delivers it to Customs at the port.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Importer receives the sealed Import Declaration and sends it to onboard customs. 		
Average time required to complete this business process	2 hours		

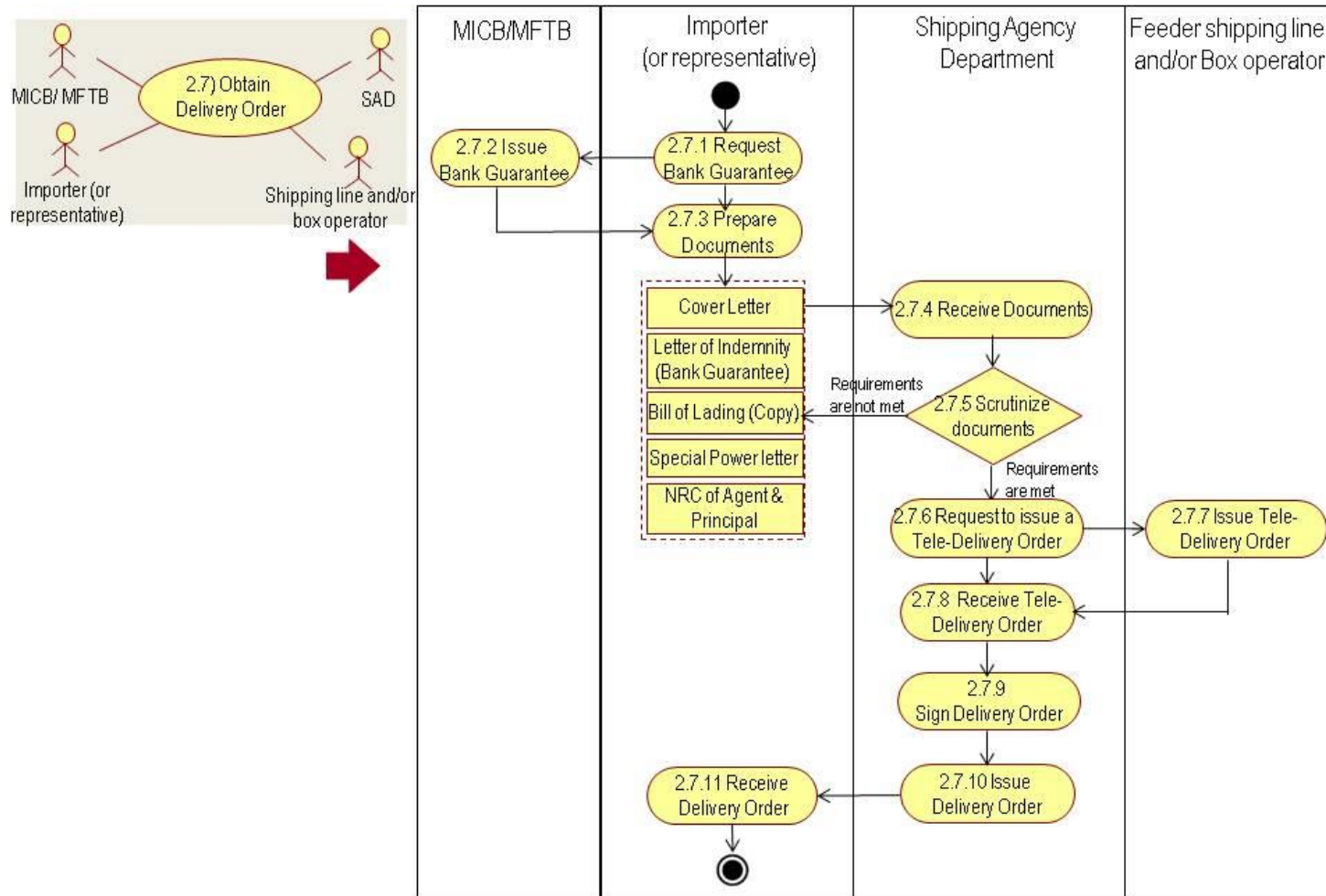
2.7 Obtain delivery order

2.7) Obtain Delivery Order (With BL original)



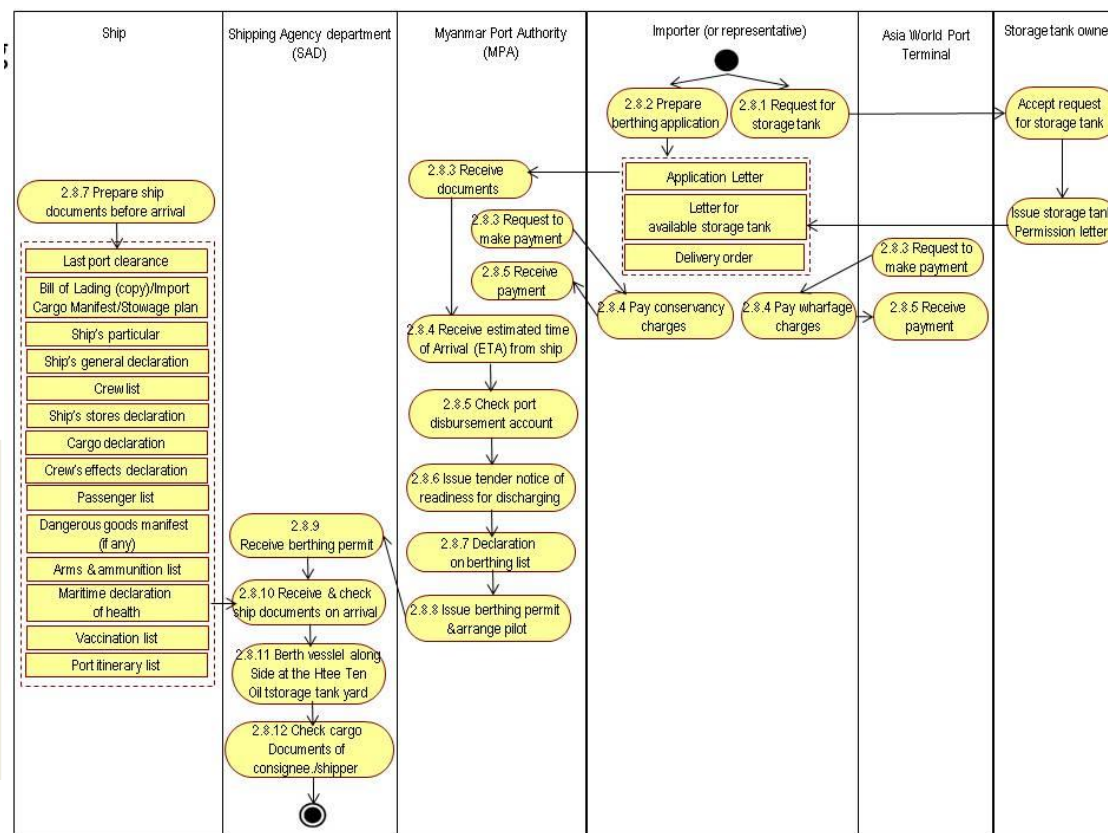
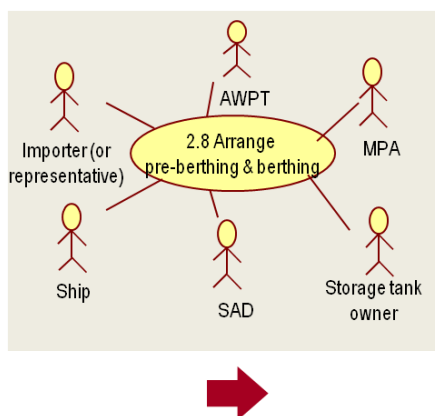
Name of a process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.7) Obtain Delivery Order (With original Bill of Lading)	2 hours	-
Related laws, rules, and regulations	Myanmar Port Authority Rules		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Shipping Agency Department (SAD) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Importer has already applied for approval of terminal usage from Myanmar Economic Corporation. 		
Activities and associated documentary requirements	<p><u>With original Bill of Lading</u></p> <p>2.7.1 Importer prepares documents to apply for the Delivery Order at SAD</p> <p>2.7.2 SAD receives submitted documents.</p> <p>2.7.3 SAD reviews the submitted documents for their completeness and accuracy.</p> <p>2.7.4 If the submitted documents meet the requirements, the Assistant Manager at SAD signs and gives a seal on the Delivery Order.</p> <p>2.7.5 SAD issues the Delivery Order.</p> <p>2.7.6 Importer collects the Delivery Order.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Importer receives Delivery Order from SAD and starts to arrange berthing. 		
Average time required to complete this business process	2 hours		

2.7) Obtain Delivery Order (Without BL original)



Name of a process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.7) Obtain Delivery Order (without BL original)	4 days	-
Related laws, rules, and regulations	Myanmar Port Authority Rules		
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Shipping Agency Department (SAD) • MICB/ MFTB • Shipping line and/or box operator 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Importer has already applied an approval of terminal usage from Myanmar Economic Corporation. 		
Activities and associated documentary requirements	<u>Without BL original</u> 2.7.1 Importer requests bank guarantee from Myanmar Investment Commission Bank (or) Myanmar Foreign Trade Bank. 2.7.2 MICB/MFTB issues bank guarantee. 2.7.3 Importer starts to prepare required documents for applying DO. 2.7.4 Shipping Agency Department (SAD) receives documents. 2.7.5 SAD scrutinizes submitted documents for their completeness and accuracy. 2.7.6 SAD requests Carrier's rep to issue Tele-Delivery Order (TDO). 2.7.7 Carrier's Rep issues TDO. 2.7.8 SAD receives TDO. 2.7.9 Assistant Manager at SAD signs and gives a seal on DO. 2.7.10 SAD issues DO. 2.7.11 Importer receives DO.		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Importer receives DO from SAD and starts to arrange berthing. 		
Average time required to complete this business process	4 days		

2.8 Arrange berthing



Name of a process area	2. Ship	Lead Time (min-max)	Cost
Name of business process	2.8 Arrange Berthing	2 days but up to 30 days if no storage tank is available	MMK 25/ton (conservancy) USD 3/ton (wharfage)
Related laws, rules, and regulations	<ul style="list-style-type: none"> MPA rules 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) MPA/SAD Storage tank owner Ship Asia World Port Terminal (AWPT) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Delivery Order obtained Information for tank availability obtained 		
Activities and associated documentary requirements	<p>2.8.1 Importer enquires about storage tank availability.</p> <p>2.8.2 Importer requests SAD to arrange berthing once the notice of arrival and enquiry about availability of oil tank has been received.</p> <p>2.8.3</p> <ul style="list-style-type: none"> MPA receives the document from the importer. MPA requests importer to make conservancy charges. Asia World Port Terminal requests importer to make wharfage charges. <p>2.8.4</p> <ul style="list-style-type: none"> MPA receives estimated arrival time from the ship (master). Importer makes a payment for conservancy charges to MPA and wharfage charges to Asia World Port Terminal 	Up to 30 days	

	<p>(AWPT).</p> <p>2.8.5</p> <ul style="list-style-type: none"> - MPA checks port disbursement account. - MPA receives payment for conservancy charges from Importer. - AWPT receives payment for wharfage from importer. <p>2.8.6 MPA makes tender notice of readiness for discharging.</p> <p>2.8.7 MPA makes declaration on berthing list.</p> <p>2.8.7 Ship (master) prepares all ship documents for the ship arrival.</p> <p>2.8.8 MPA issues berthing permit to SAD.</p> <p>2.8.9 SAD receives the berthing permit.</p> <p>2.8.10 Once the ship arrives, SAD receives and checks the ship documents.</p> <p>2.8.11 SAD checks the cargo documents of the consignee/shipper.</p> <p>2.8.12 SAD arranges berthing of the vessel at Htee Ten oil storage tank yard.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Receive berthing permission 		
Average time required to complete this business process	Up to 30 days (but up to 30 day if no storage tank available)		

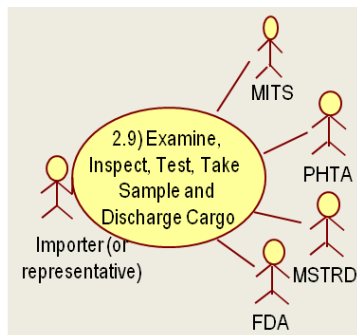
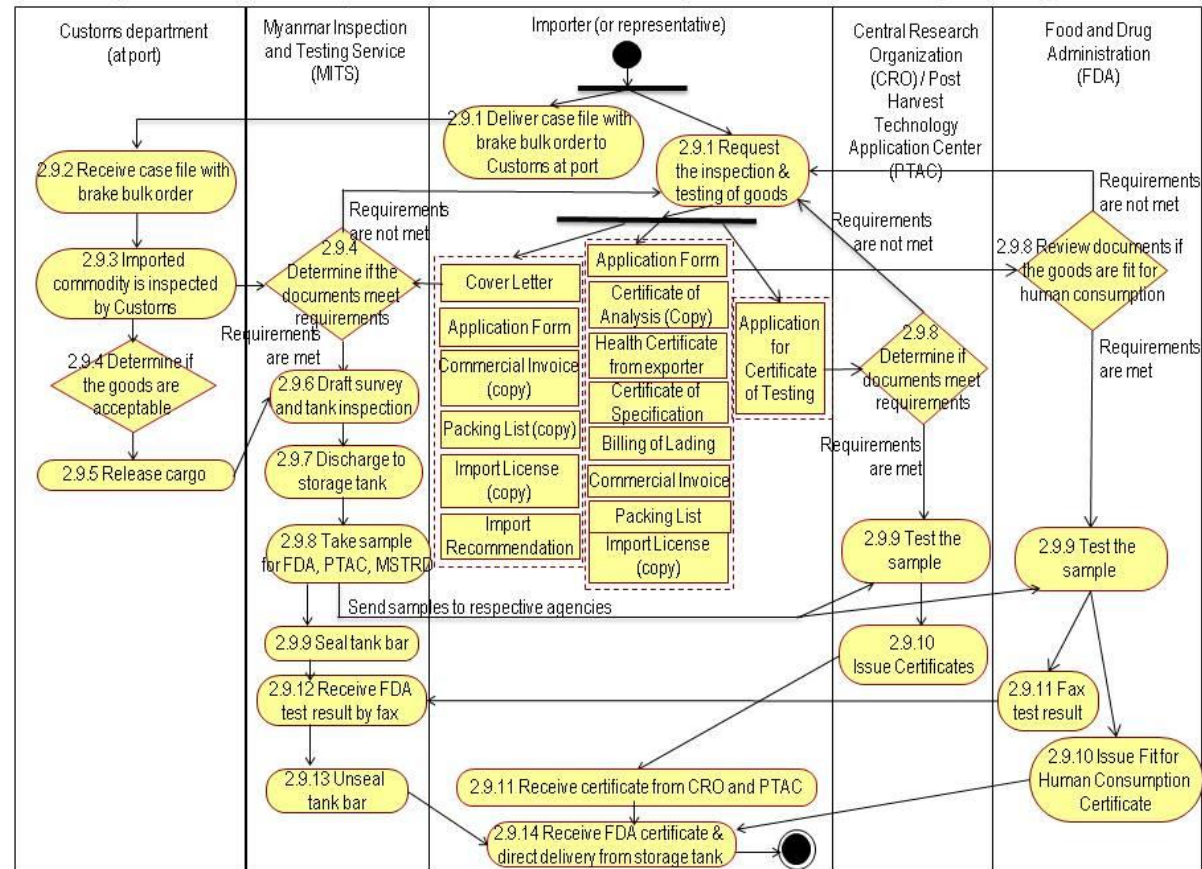
ESTIMATED DISBURSEMENT

M.V	ETA()	For Stay () Days
Owner		W.Gang
Charterers.....		(EX.Rate
Discharging.....MT	From.....Frt USD.....	
Loading MT	TOFrt USD.....	
..... MT	TOFrt USD.....	
..... MT	TOFrt USD.....	
Vessel's Particular: GRT/NRT	LOA.....Speed.....Flag.....	
Call sign.....DWT	A.Draft.....S. Draft.....	

	Owner A/C	Charter A/C	Shipping A/C
1. Port Dues	US\$		
2. Pilotage (In- Out)	US\$		
3. Berthing	US\$		
4. A.H.M Fees	US\$		
5. Mooring/Unmooring	US\$		
6. Launch/ Tug	US\$		
7. Light Dues	US\$		
	Total		
	Plua20%		
	Total Port Chgs		
8. Fright Tax 1.75 %	US\$		
9. Import Agency comm. 2.5%	US\$		
10. Export Agency comm. 3.0%	US\$		
11. Agency Fees	US\$		
12. Stevedoring Charges (Dis)	US\$		
13. Stevedoring Charges (Ldg)	US\$		
14. Supervisory/ Tally charges	US\$		
15. Watchman	US\$		
16. immigration overtime	US\$		
17. Customs overtime	US\$		
18. Fresh Water	US\$		
19. Motor Launch	US\$		
20. Dunnage / Mats	US\$		
21. Shore Crane chgs	US\$		
22. Photo / stationery	US\$		
23. Advertisement	US\$		
24. Telex/ Fax/ E.mail	US\$		
25. BUNKER Supply	US\$		
26. Fork Lift chgs	US\$		
27. Rope/ wire Sling charges	US\$		
28. Survey Fees	US\$		
29. Side nets	US\$		
30. Miscellaneous	US\$		
TOTAL	US\$	+	=USD; (EURO;)

2.9 Examine, Take Sample, Inspect, Test and Discharge Cargo

2.9) Examine, Inspect, Test, Take Sample and Discharge Cargo

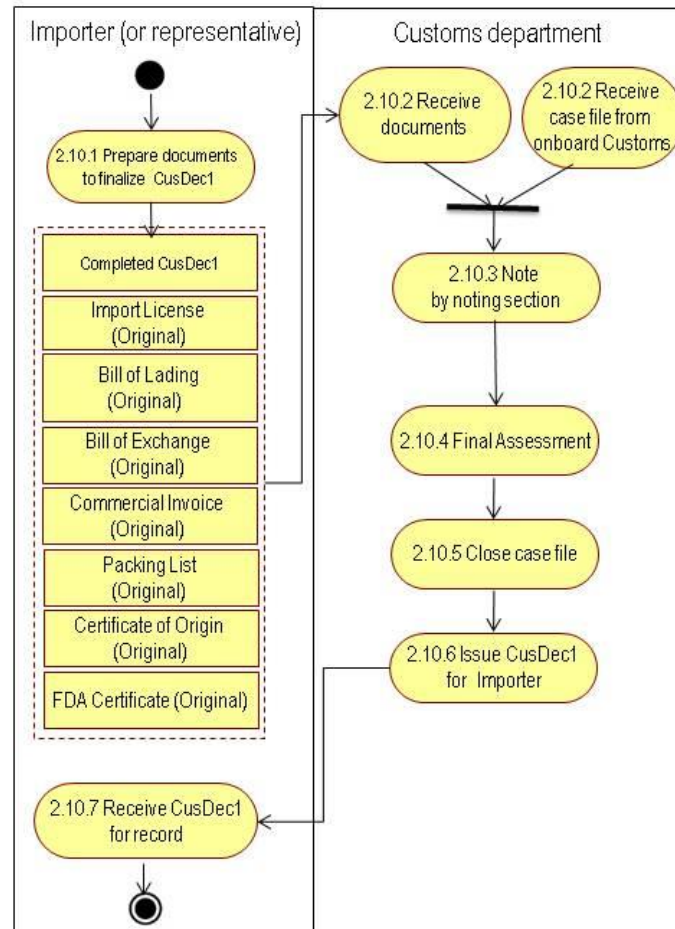
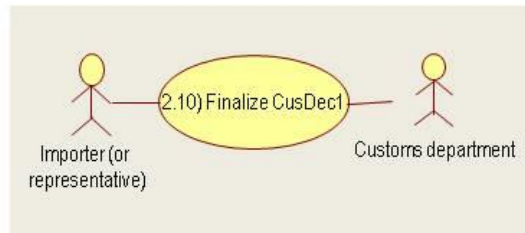


Name of a process area	2. Ship	Lead Time	Cost
Name of business process	2.9 Examine, Inspect, Test, Take Sample and Discharge Cargo	4 days (maximum) FDA – 4 days PHTA – 1 day CRO – 1 day	MMK 0.6/viss or MMK 367/ton (for all tests - FDA, CRO, PHTA)
Related laws, rules, and regulations	<ul style="list-style-type: none"> National Food Law (1997) 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Myanmar Inspection and Testing Service (MITS) Myanmar Science & Technology Research Department (MSTRD) Post-Harvest Technology Application (PHTA) Food and Drug Administration (FDA) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Ship berthed at the quay (and has berthing permit) Importer submitted a request for inspection to MITS 		
Activities and associated documentary requirements	<p>2.9.1 Importer delivers case file with break bulk order to onboard Customs at port and prepares documents required to submit to the Food and Drug Administration (FDA), Post-Harvest Technology Application (PHTA), Myanmar Science & Technology Research Department (MSTRD), and Myanmar Inspection and Testing Service (MITS) (under the control of MOC).</p> <p>2.9.2 Onboard Customs receives case file from importer.</p> <p>2.9.3 Onboard Customs conducts commodity inspection.</p> <p>2.9.4 Onboard Customs officer determines if the inspection result meets the requirements.</p> <p>2.9.4 MITS officer determines if the submitted documents meet the requirements.</p> <p>2.9.5 If the requirements are met, onboard Customs allows the release of the</p>		Inspection fee is MMK 367/ton

	<p>cargo.</p> <p>2.9.6 MITS inspectors take draft survey (quantity) and dry test inspection of the tank.</p> <p>2.9.7 The cargo is discharged to storage tank.</p> <p>2.9.8 MITS, who is an authorized inspector from MOC, issues an Inspection Certificate, and sends a palm oil sample to MSTRD, PHTA and FDA via the importer's agent.</p> <p>- FDA, MSTRD and PHTA review the documents and sample test, and determine whether the oil (quality) meets all requirements.</p> <p>2.9.9</p> <ul style="list-style-type: none"> - MITS seals the oil storage tank bar after taking the sample. - PHTA, MSTRD, and FDA test the goods and determine whether the goods are satisfactory. <p>2.9.10 PHTA and MSTRD issue certificate for cloud point level and color testing. FDA issues Fit for Human Consumption Certificate.</p> <p>2.9.11</p> <ul style="list-style-type: none"> - Importer receives Certificate from MSTRD and PHTA. - FDA sends test result to MITS by fax and makes Fit for Human Consumption Certificate available to importer. <p>2.9.12 MITS receives FDA test result by fax.</p> <p>2.9.13 MITS unseals the oil storage tank bar.</p> <p>2.9.14 Importer receives FDA certificate and can start distribution.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Fit for Human Consumption Certificate by FDA • Cloud Point Level Certificate & Color Test Certificate by PHTA and MSTRD 		
Average time required to complete this business process	4 days (maximum)		

2.10 Finalize CusDec 1

2.10) Finalize CusDec1



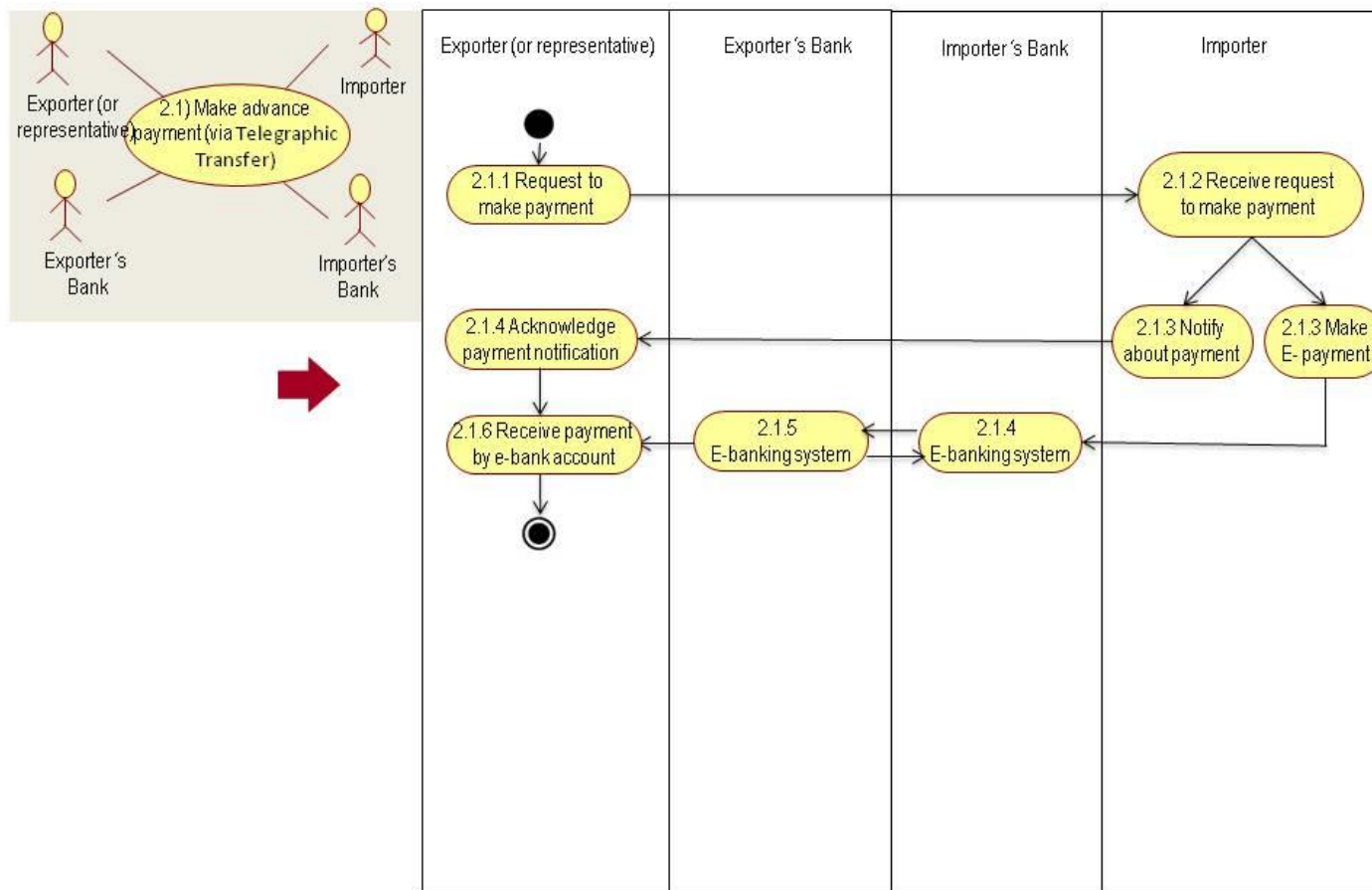
Name of a process area	2. Ship	Lead Time (min-max)	Cost (min-max)
Name of business process	2.10) Finalize CusDec 1	2 hours	-
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Customs department 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Fit-for-human-consumption certificate (issued by FDA) Original shipping documents (BL, Manifest, etc.) 		
Activities and associated documentary requirements	2.10.1 Importer prepares the original documents to submit to the Customs department. 2.10.2 Customs department receives the submitted documents and receives the case file from onboard customs after inspection at port. 2.10.3 The noting section at the Customs department reconciles the original documents with PAPP's documents. 2.10.4 Final assessment by senior Customs officer. 2.10.5 Case file is closed after final assessment. 2.10.6 CusDec 1 paper is issued. 2.10.7 Importer (or representative) receives CusDec 1 for record.		
Output criteria to exit the business process	<ul style="list-style-type: none"> CusDec 1 is issued by Customs department. (Importer can start distribution to the market) 		
Average time required to complete this business process	2 hours		

6.3. Appendix III: “To be” Business Process Mapping

6.3.1. Rice

Process 2.1) Make advance payment (via Telegraphic Transfer)

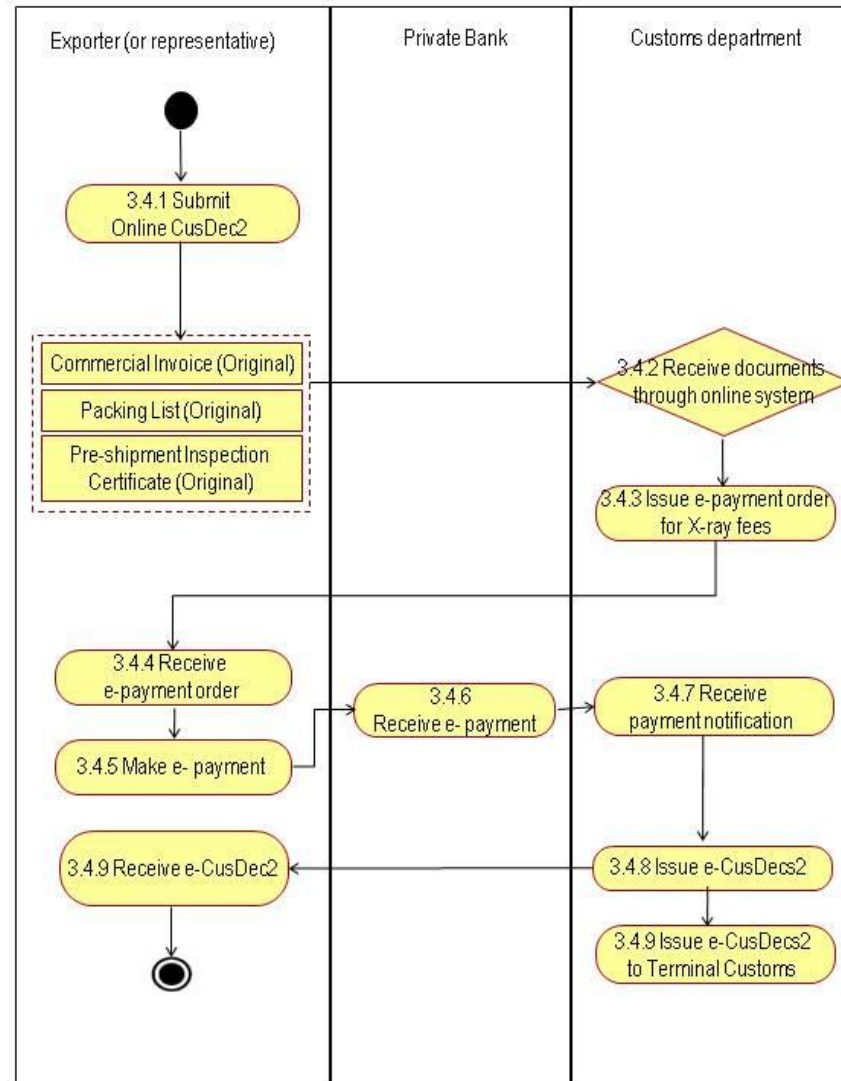
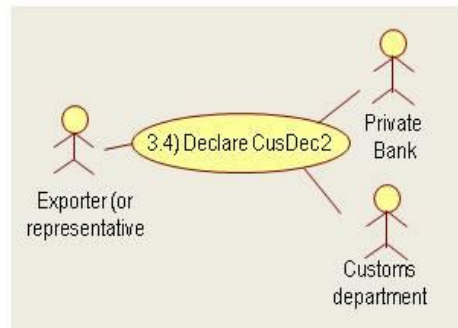
2.1) Make advance payment (via Telegraphic Transfer)



Name of process area	2. Pay	Lead Time (Max-Min)	Cost
Name of business process	2.1 Make advance payment (via Telegraphic Transfer)		
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Exporter's bank • Importer • Importer's bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter have ready the shipment of goods. 		
Activities and associated documentary requirements	2.1.1 Exporter requests the importer to make payment 2.1.2 The importer receives the requests to make the payment to the exporter. 2.1.3 The importer makes the electronic payment via telegraphic transfer and notifies the exporter. 2.1.4 <ul style="list-style-type: none"> - Importer's bank accepts the payment via electronic transfer - The importer notifies the exporter who in turn acknowledges the payment. 2.1.5 Exporter's bank receives e-payment notification from importer's bank. 2.1.6 Exporter receives payment on his e-bank account.		
Output criteria to exit the business process	Received payment		
Average time required to complete this business process			

Process 3.4) Declare CusDec 2

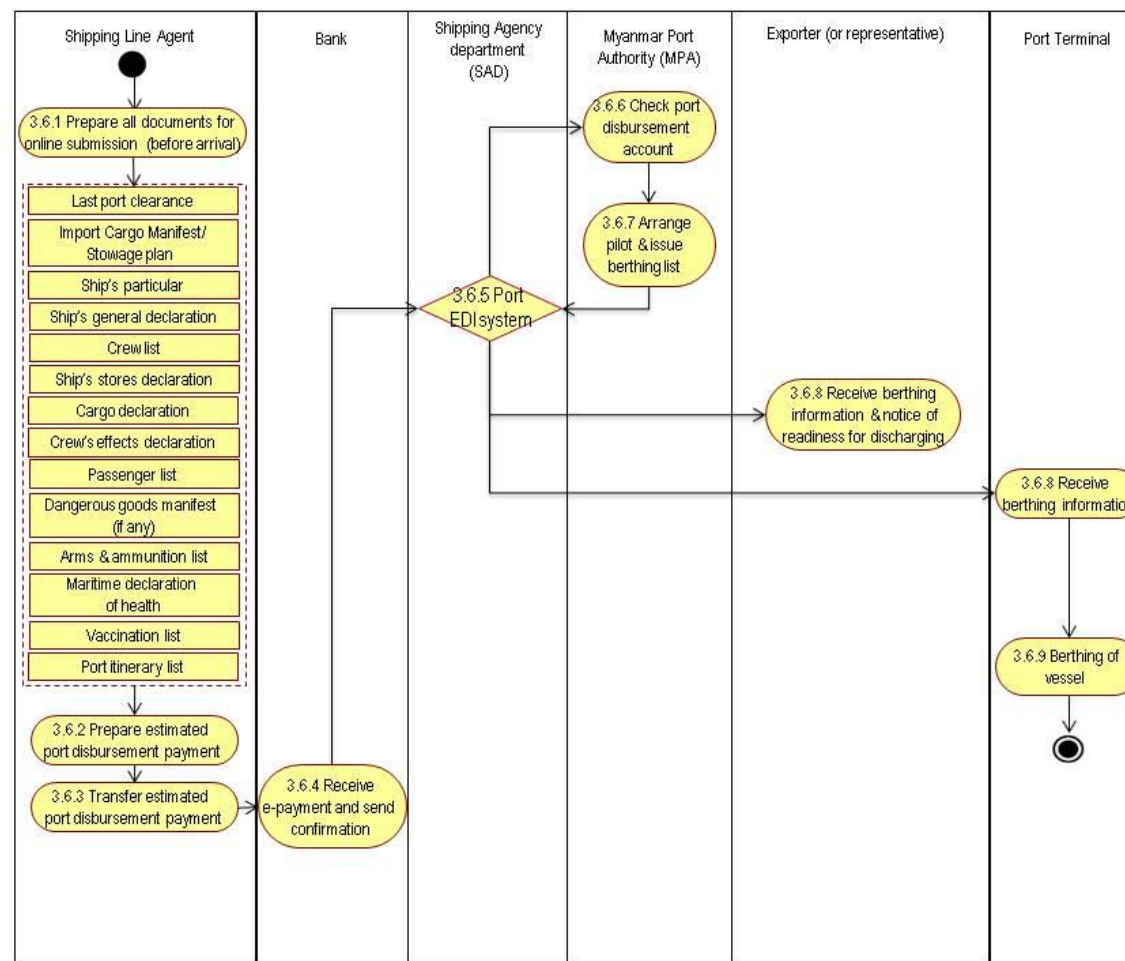
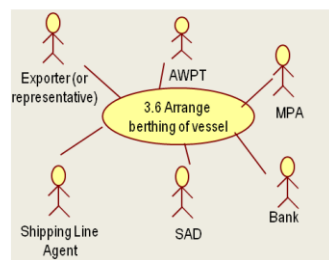
3.4) Declare CusDec 2



Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.4) Declare CusDec2		
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Customs department 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter has obtained Export License Exporter has pre-shipment inspection certificate 		
Activities and associated documentary requirements	3.4.1 Exporter submits CusDec 2 online through an electronic system. 3.4.2 Customs department checks accuracy and completeness of the application through the electronic system. 3.4.3 Customs issues electronic payment order for X-ray fees. 3.4.4 Exporter receives e-payment order for X-ray fees. 3.4.5 Exporter makes e-payment. 3.4.6 Myanmar Citizen Bank receives e-payment from exporter. 3.4.7 The bank issues a payment receipt and notifies the Customs Department about the received payment. 3.4.8 Customs Department sends an e-CusDec 2 to both the exporter and Terminal Customs. 3.4.9 Exporter and Terminal Customs receive e-CusDec.		
Output criteria to exit the business process	<ul style="list-style-type: none"> Customs Declaration 2 (CusDec2) is received. 		
Average time required to complete this business process			

Process 3.6) Arrange Berthing of Vessel

3.6 Arrange Berthing

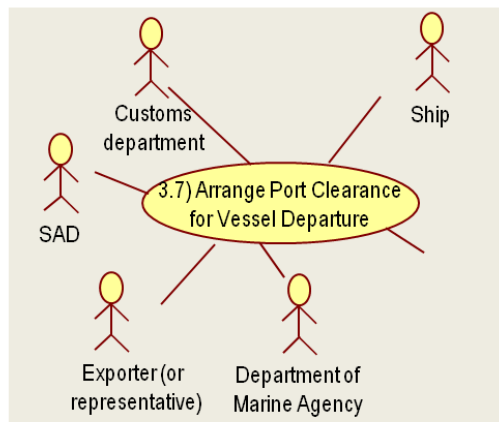


Name of a process area	2. Ship	Lead Time (min-max)	Cost
Name of business process	3.6) Arrange Berthing of Vessel	1 days	
Related laws, rules, and regulations	<ul style="list-style-type: none"> MPA rules 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) MPA SAD Shipping Line Agent Bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter (or representative) has already placed the container at the container yard. 		
Activities and associated documentary requirements	<p>3.6.1 Shipping Line agent prepares all shipping documents for online submission.</p> <p>3.6.2 Shipping Line agent calculates and prepares payment according to estimated port disbursement account.</p> <p>3.6.3 Shipping Line Agent makes payment according to estimated port disbursement account.</p> <p>3.6.4 Bank receives e-payment.</p> <p>3.6.5 The bank confirms the e-payment via the Port EDI system (all relevant parties will be notified as soon as the payment has been cleared).</p> <p>3.6.6 MPA checks port disbursement account.</p> <p>3.6.7 MPA arranges pilot and issues berthing list.</p> <p>3.6.8</p> <ul style="list-style-type: none"> Exporter receives berthing information and notice of readiness for discharging. 		

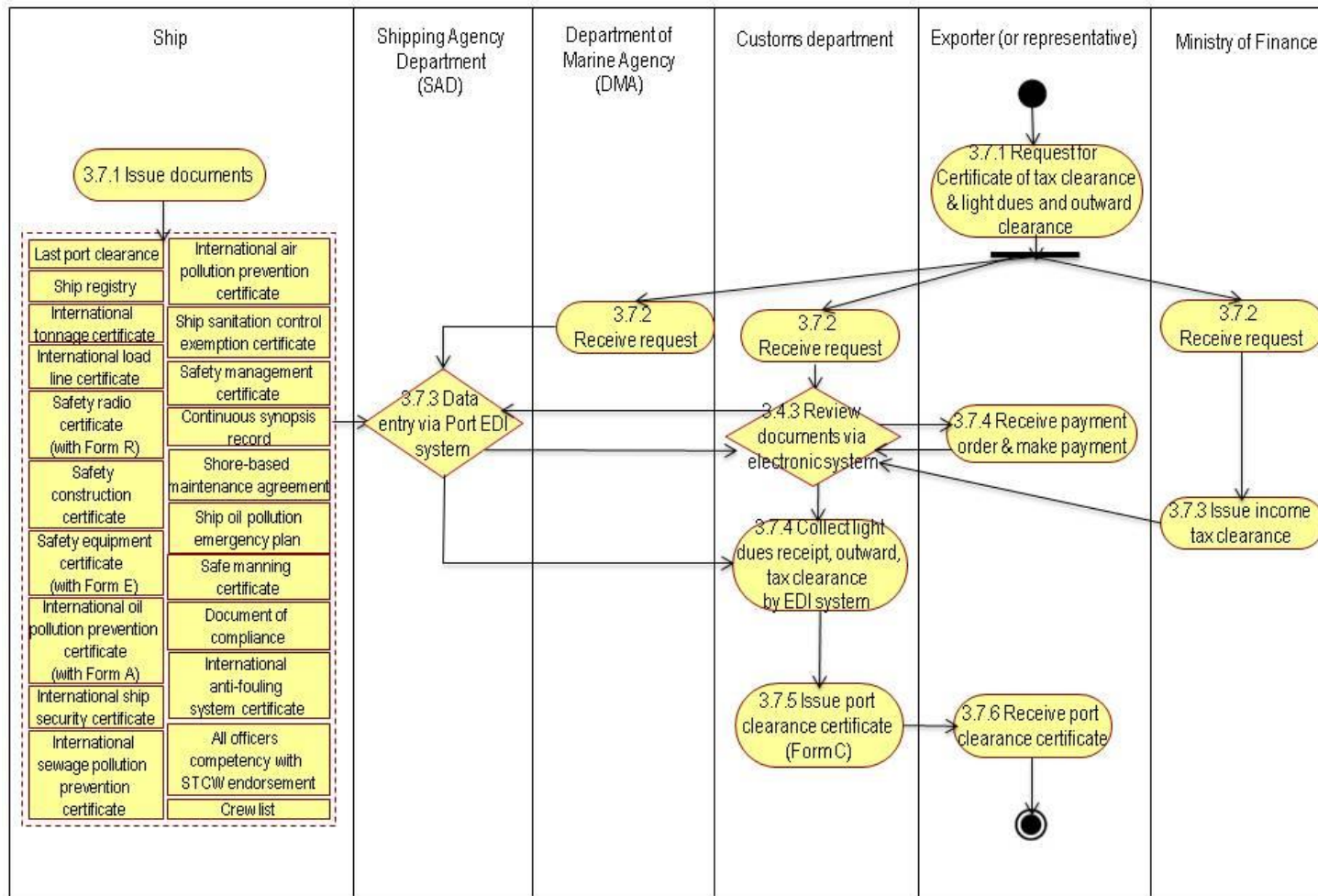
	<ul style="list-style-type: none"> - Port terminal receives berthing information. 3.6.9 Port terminal allows berthing of the vessel (at the terminal).		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Vessel has berthed at the port. 		
Average time required to complete this business process	1 days		

Process 3.7) Arrange Port Clearance for Vessel Departure

3.7) Arrange Port Clearance for Vessel Departure



3.7) Arrange Port Clearance for Vessel Departure

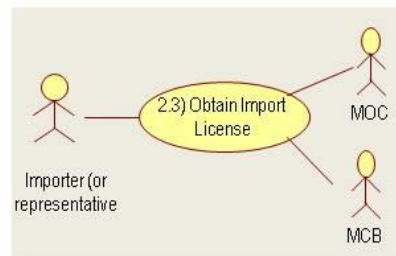


Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.7) Arrange Port Clearance for Vessel Departure		
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Ship Department of Marine Agency (DMA) Ministry of Finance Customs department (at port) Shipping Agency Department (SAD) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter (or representative) has loaded the goods onto the vessel. 		
Activities and associated documentary requirements	<p>3.7.1</p> <ul style="list-style-type: none"> Exporter requests certificates of income tax clearance (from the Revenue department), light dues receipt (from Customs department), outward clearance (from Department of Marine Agency). Ship issues ship documents and hands them over to the Shipping Department for entry into the Port's EDI system. <p>3.7.2 The respective parties receive the exporter's request.</p> <p>3.7.3</p> <ul style="list-style-type: none"> The Shipping Department receives the request and forwards the ship documents to Customs department via the Port's EDI system. The Customs department issues an e-payment order via an electronic system (communication and data exchange between the two systems works seamlessly). The Revenue department of the Ministry of Finance issues the income tax clearance via the Port's EDI system. 		

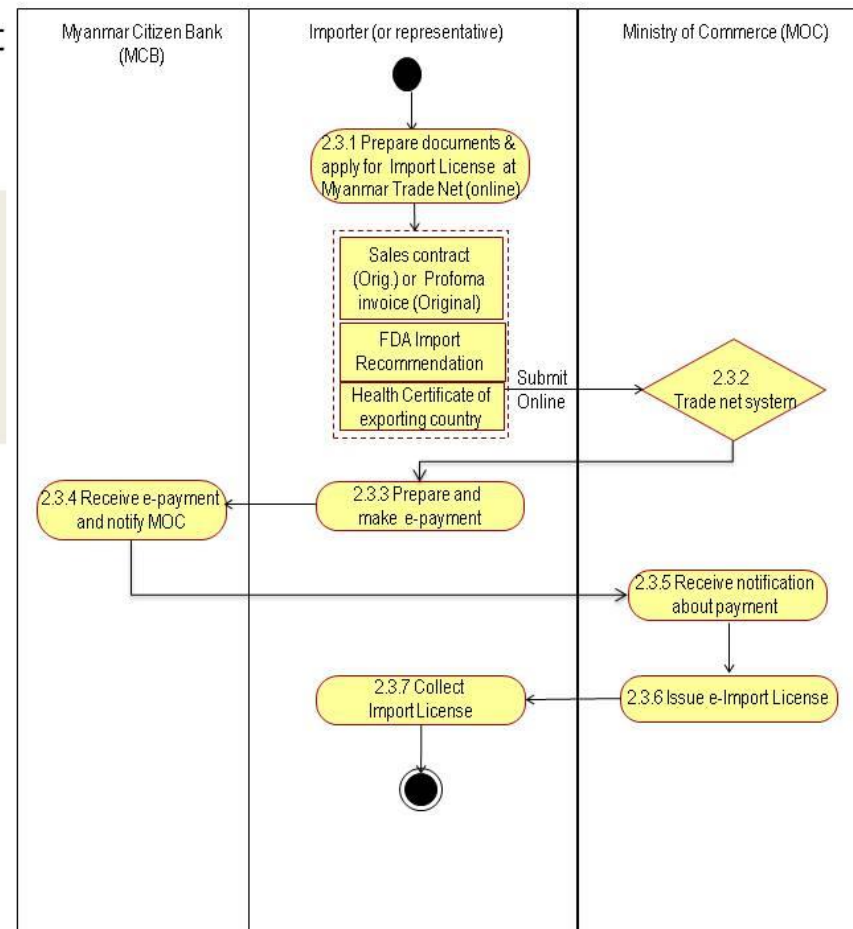
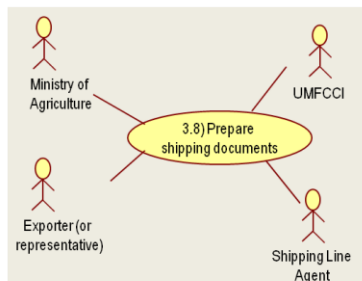
	<p>3.7.4 SAD collects outward clearance certificate; Customs department issues Light dues receipt and Revenue department issues income tax clearance – all via the Port's EDI system.</p> <p>3.7.5 Once the Customs department completed data entry into the Port's EDI system, the port clearance certificate (Form C) is issued.</p> <p>3.7.6 Exporter receives electronic port clearance certificate from Customs Department.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Vessel is ready to depart. 		
Average time required to complete this business process			

Process 3.8) Prepare Shipping Documents

2.3) Obtain e-Import License (pre-arrival of vessel)



3.8) Prepare Shipping Documents

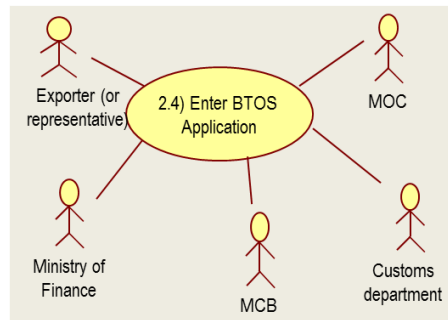


Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	3.8) Prepare Shipping Documents	1- 2 days	USD 30 for Bill of Lading 1-50 ton = MMK 6,000 51-100 ton = MMK 8,000 Above 100 ton = MMK 10,000
Related laws, rules, and regulations			
Process participants	<ul style="list-style-type: none"> • Exporter (or representative) • Ministry of Agriculture • Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI) • Myanmar Paddy Producer Association • Shipping Line Agent 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter (or representative) has loaded the goods onto the vessel. 		

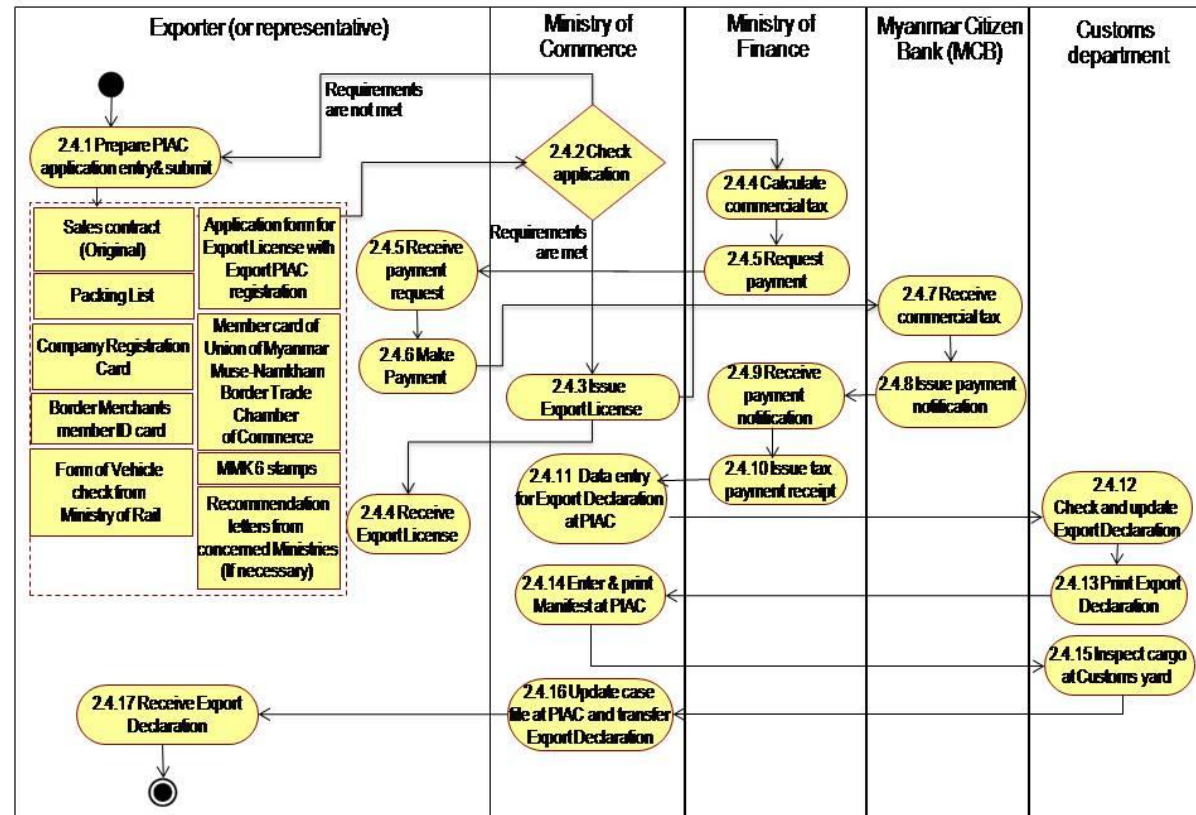
Activities and associated documentary requirements	<p>3.8.1</p> <ul style="list-style-type: none"> - Exporter collect Bill of Lading from shipping line agent after loading the cargos onto the ship. - Exporter requests phytosanitary certificate from the Ministry of Agriculture with fumigation certificate from the port terminal. <p>3.8.2</p> <ul style="list-style-type: none"> - Vessel issues Bill of Lading. - Ministry of Agriculture receives request with fumigation certificate and issues Phytosanitary certificate. <p>3.8.3 Exporter receives Bill of Lading and Phytosanitary certificate.</p> <p>3.8.4</p> <ul style="list-style-type: none"> - Exporter prepares online application for Certificate of Origin. - Exporter prepares invoice and packing list to send to the importer. <p>3.8.5 UMFCCI reviews the online submitted documents.</p> <p>3.8.6 If the documents meet all requirements, UMFCCI issues a payment order for the Certificate of Origin.</p> <p>3.8.7 Exporter makes the e-payment.</p> <p>3.8.8 UMFCCI receives the payment and issues the electronic Certificate of Origin.</p> <p>3.8.9 Exporter receives electronic Certificate of Origin from UMFCCI.</p> <p>3.8.10 Exporter collects Bill of Lading, electronic Certificate of Origin, commercial invoice and packing list.</p>		<p>USD 30</p> <p>1-500 tons = MMK 1,000</p> <p>500-1000 tons = MMK 5,000</p> <p>More than 1000 tons = MMK 10,000</p> <p>(If exporter is not a member of MPPA, the fees are doubled)</p> <p>1-50 tons = MMK 6,000</p> <p>51-100 tons = MMK 8,000</p> <p>More than 100 tons = MMK 10,000</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter is ready to send all shipping documents, including the Certificate of Origin and Bill of Lading to the importer by courier service. 		
Average time required to complete this business process	1-2 days		

6.3.2. Mango

2.4) Enter Border Trade Online System (BTOS) Application



2.4) Enter Border Trade Online System (BTOS) Application



Name of process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.4) Enter BTOS Application	1 day	MMK 5,000 + 5% commercial tax of export value
Related laws, rules, and regulations	<ul style="list-style-type: none"> Export and Import Law, 2012 		
Process participants	<ul style="list-style-type: none"> Exporter (or representative) Ministry of Commerce (MOC), Department of Commerce and Consumer Affairs and Public Internet Access Center (PIAC) Ministry of Finance Myanmar Citizen Bank (MCB) Customs department 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> All required documents are ready. 		
Activities and associated documentary requirements	<p>2.4.1 Exporter prepares and submits application for the Export License and necessary documents at the Public Internet Access Center (PIAC).</p> <p>2.4.2 The Export section, Department of Commerce and Consumer Affairs, at Ministry of Commerce (MOC) scrutinizes all documents.</p> <p>2.4.3 Department of Commerce and Consumer Affairs issues the Export License if submitted documents meet all requirements.</p> <p>2.4.4</p> <p>-Ministry of Finance calculates the commercial tax to charge</p>		MMK 5,000 (Online application fee) 5% commercial tax of export value

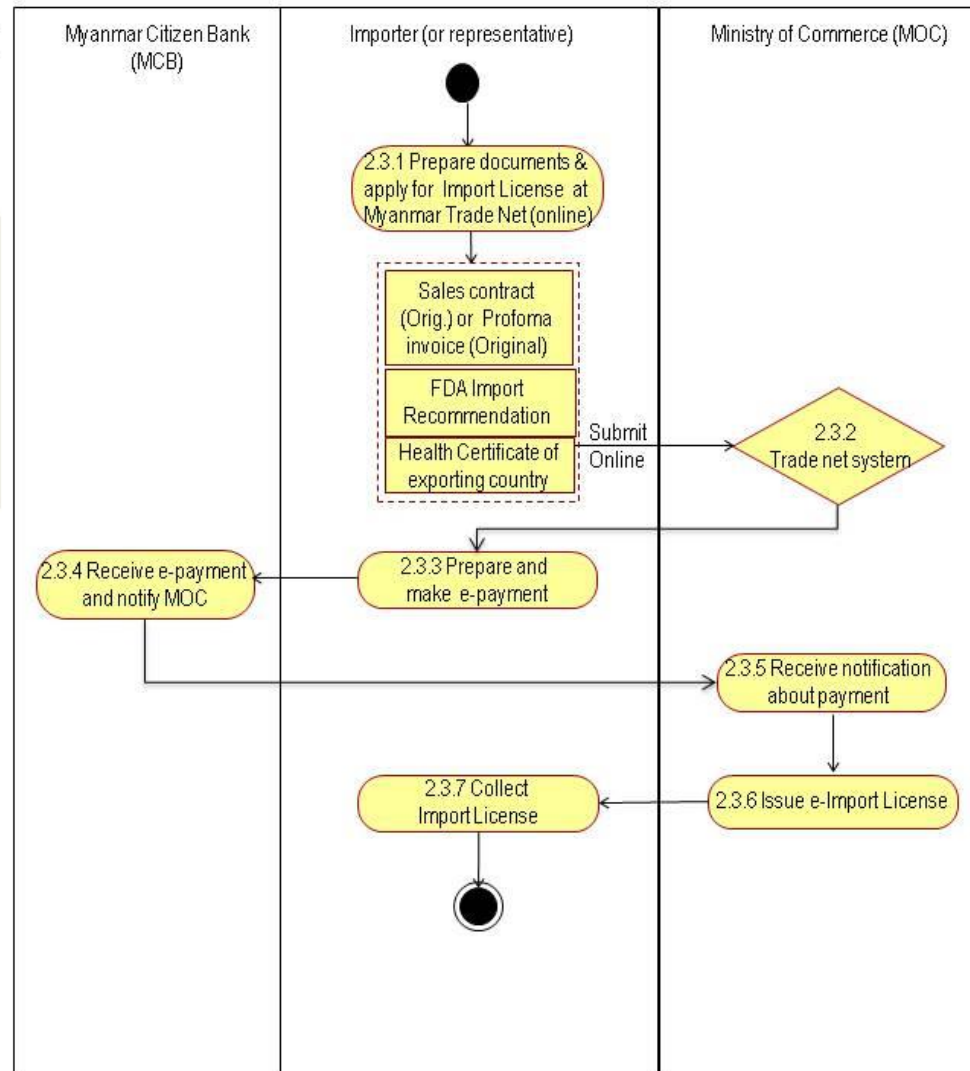
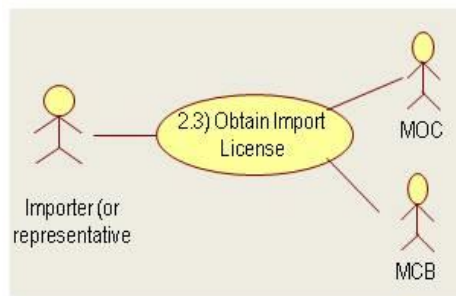
	<p>the exporter (5% of export value).</p> <p>-Exporter receives Export License.</p> <p>2.4.5</p> <p>-Ministry of Finance requests exporter to pay.</p> <p>-Exporter receives payment request from Ministry of Finance .</p> <p>2.4.6 Exporter makes a commercial tax payment to Myanmar Citizen Bank (MCB).</p> <p>2.4.7 MCB receives commercial tax based on the calculation of the Ministry of Finance .</p> <p>2.4.8 MCB issues payment notification and informs the Ministry of Finance .</p> <p>2.4.9 Ministry of Finance receives the payment notification.</p> <p>2.4.10 Ministry of Finance issues commercial tax payment receipt.</p> <p>2.4.11 Department of Commerce and Consumer Affairs make data entry of Export Declaration at PIAC.</p> <p>2.4.12 Customs Department checks and updates the Export Declaration.</p> <p>2.4.13 Customs department prints a hard copy of the Export Declaration and sends an e-Export Declaration to the Department of Commerce and Consumer Affairs.</p> <p>2.4.14 The Department of Commerce and Consumer Affairs enters the data of the case file and prints the manifest at PIAC.</p> <p>2.4.15 Customs department physically inspects the cargo at the inspection yard.</p> <p>2.4.16 The case file is updated by Department of Commerce and Consumer Affairs and the Export Declaration issued.</p> <p>2.4.17 Exporter receives Export Declaration.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives the Export License and Export Declaration. 		

Average time required to complete this business process	1 days		
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6.3.3. Palm Oil

Process 2.3) Obtain e-Import License (pre-arrival of vessel)

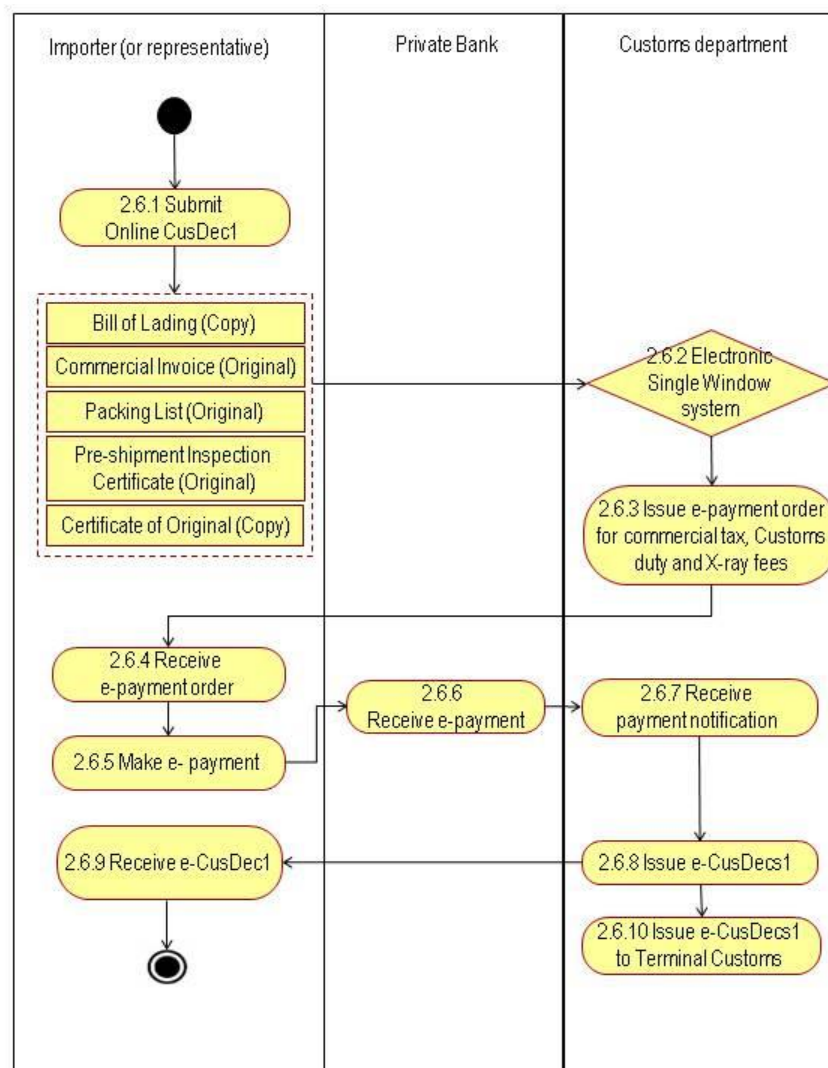
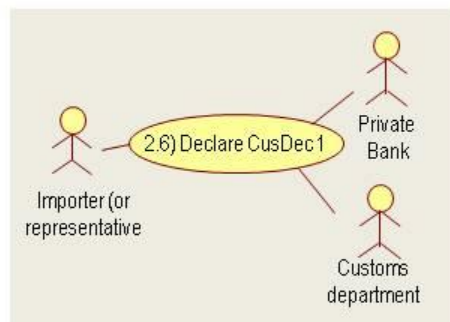
2.3) Obtain e-Import License (pre-arrival of vessel)



Name of a process area.	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.3) Obtain Import License (pre-arrival of vessel)	1 day	MMK 5,000; min. MMK 50,000 (Depending on import value)
Related laws, rules, and regulations	<ul style="list-style-type: none"> Export and Import Law, 2012 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Ministry of Commerce (Directorate of Trade) 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Required documents including Import Recommendation from FDA. 		
Activities and associated documentary requirements	2.3.1 Importer prepares all required documents and submits them online via Myanmar's Trade Net website. 2.3.2 Ministry of Commerce retrieves the online documents from the Trade Net system. 2.3.3 Importer pays Import License fees via e-payment. 2.3.4 MCB receives the Import License fees and notifies the MOC. 2.3.5 MOC receives notification of Import License duty payment from MCB. 2.3.6 MOC issues e-Import License. 2.3.7 Importer collects the e-Import License.		MMK 5,000 (online application) Min. MMK 50,000 (but depends on the import value)
Output criteria to exit the business process	<ul style="list-style-type: none"> Importer (or representative) receives the Import License. 		
Average time required to complete this business process	1 day		

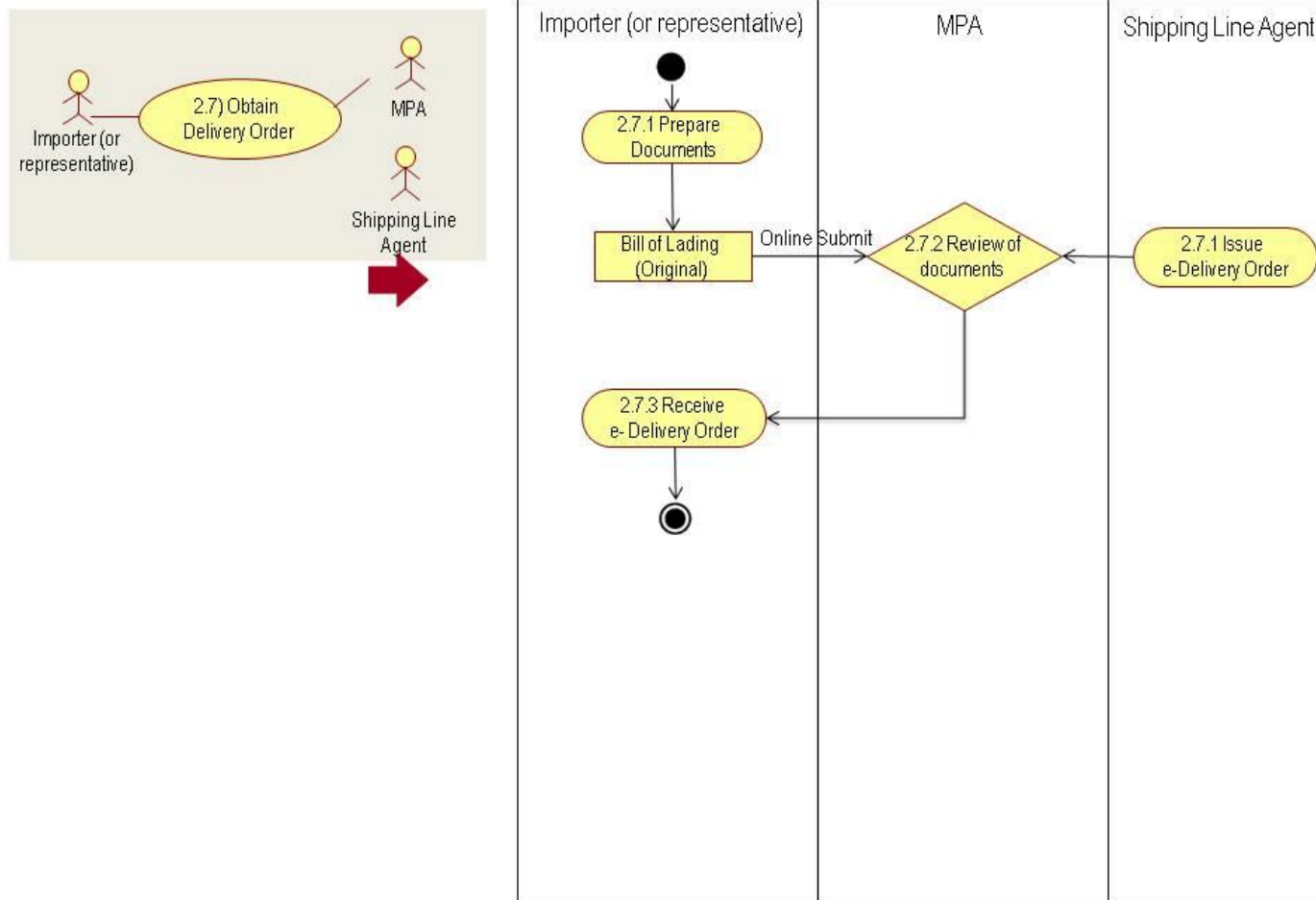
Process 2.6) Declare CusDec 1

2.6) Declare CusDec 1



Name of process area	3. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.6) Declare CusDec1	3-5 hours	- Customs duty – 5% of import value - Commercial tax – 5% of import value - Bank charges: 0.1% of Customs duty (maximum MMK 30,000) X-rays fee: MMK 20,000
Related laws, rules, and regulations	<ul style="list-style-type: none"> Customs Sea and Land Act 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Customs department 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Exporter has obtained Export License Exporter has pre-shipment inspection certificate 		

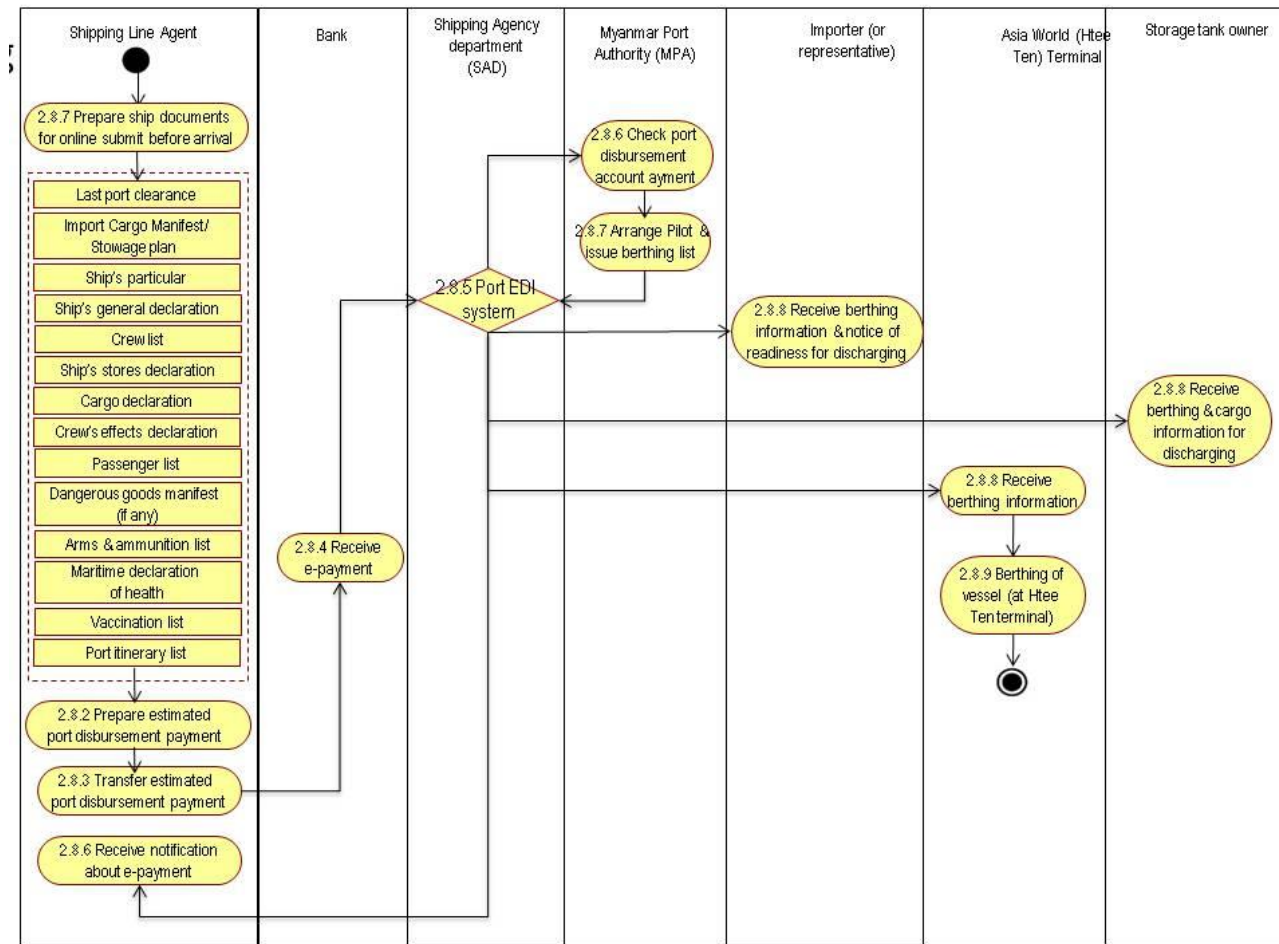
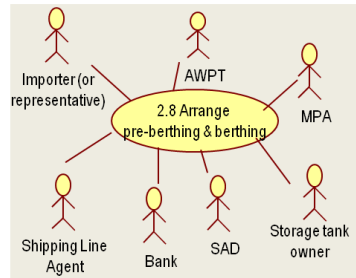
Activities and associated documentary requirements	<p>2.6.1 Importer submits online CusDec 1 form.</p> <p>2.6.2 Customs department checks accuracy and completeness of the application online (via Single Window system).</p> <p>2.6.3 Customs issues e-payment order for Customs duty, commercial tax and X-ray fees.</p> <p>2.6.4 Importer receives e-purchase order.</p> <p>2.6.5 Importer makes e-payments.</p> <p>2.6.6 Myanmar Citizen Bank receives advance e-payment.</p> <p>2.6.7 The bank issues payment receipt and notifies Customs Department about the payment.</p> <p>2.6.8 Customs send e-CusDec 1 to exporter and Terminal Customs.</p> <p>2.6.9 Exporter receives e-CusDec 1.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> Customs Declaration 1 (CusDec1) is received. 		
Average time required to complete this business process	3-5 hours		

Process 2.7) Obtain Delivery Order**2.7) Obtain Delivery Order**

Name of a process area	2. Ship	Lead Time (Max-Min)	Cost
Name of business process	2.7) Obtain Delivery Order	1 hour	-
Related laws, rules, and regulations	Myanmar Port Authority Rules		
Process participants	<ul style="list-style-type: none"> • Importer (or representative) • Myanmar Port Authorities (MPA) • Shipping Line Agent 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Importer has already applied for approval of terminal usage from Myanmar Economic Corporation. 		
Activities and associated documentary requirements	<p>2.7.1</p> <ul style="list-style-type: none"> - Importer prepares the Bill of Lading to apply for the Delivery Order at MPA - Shipping Line Agent prepares the Delivery Order <p>2.7.2 The MPA receives the submitted Bill of Lading and e-Delivery Order via the port's EDI system. Once all documents meet the requirements, MPA releases the e-Delivery Order.</p> <p>2.7.3 Importer collects the e-Delivery Order.</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Importer receives Delivery Order and starts to arrange berthing. 		
Average time required to complete this business process	1 hour		

Process 2.8) Arrange Berthing

2.8 Arrange Berthing



Name of a process area	2. Ship	Lead Time (min-max)	Cost
Name of business process	2.8 Arrange Berthing	1 day	MMK 25/ton (conservancy) USD 3/ton (wharfage)
Related laws, rules, and regulations	<ul style="list-style-type: none"> MPA rules 		
Process participants	<ul style="list-style-type: none"> Importer (or representative) Myanmar Port Authority Shipping Agency Department Storage tank owner Shipping line agent Asia World Port Terminal (AWPT) Bank 		
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> Obtained Delivery Order Obtained information on available storage tank 		
Activities and associated documentary requirements	2.8.1 Shipping line agent prepares shipping documents for online submission (via the Port EDI system). 2.8.2 Shipping line agent prepares estimated port disbursement account payment. 2.8.3 Shipping line agent transfers the estimated port disbursement account payment. 2.8.4 Bank receives e-payment. 2.8.5 The bank confirms the e-payment via the Port EDI system (all relevant parties will be notified as soon as the payment has been cleared). 2.8.6 MPA checks port disbursement payment. 2.8.7 MPA arranges pilot and issues berthing list. 2.8.8		

	<ul style="list-style-type: none"> - Exporter receives berthing information and notice of readiness for discharging. - Port terminal receives berthing information. - Storage tank owner receives berthing information and cargo information for discharging. <p>2.8.9 Port terminal allows berthing of the vessel (at the terminal).</p>		
Output criteria to exit the business process	<ul style="list-style-type: none"> • Receive berthing permission 		
Average time required to complete this business process	1 day		