

Hinrich Foundation Sustainable Trade Index

Myanmar Highlights

Introduction

The Hinrich Foundation commissioned the Economist Intelligence Unit to build the Sustainable Trade Index using 24 indicators to measure 19 economies in Asia and the U.S. across the three recognized pillars of sustainability: **economic growth, social capital and environmental protection.**







The Index measures the readiness of each economy to participate in global trade in a way that creates sustainable growth, encourages foreign direct investment, and attracts funding and support from multilateral development agencies.

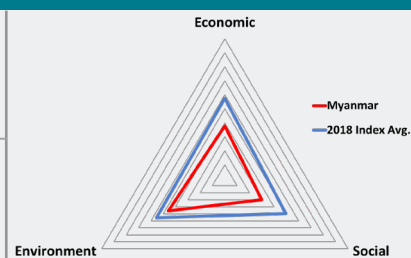
The Index was created for the purpose of stimulating meaningful discussion of the full range of considerations for policy makers, business and civil society when engaging in international trade.



The Hinrich Foundation launched the inaugural Sustainable Trade Index in 2016. Visit www.hinrichfoundation.com to download the 2018 and 2016 Index.

Myanmar Overview

GDP per capita  US \$1,195	Population  52.9 million	Exports % of GDP  17.5% of GDP
GDP growth  7.4% growth <small>(average since 2010)</small>	Labour Force  25.4 million	FDI net inflow  US\$3.28 billion







SOURCE: World Bank, 2016 and Hinrich Foundation Sustainable Trade Index 2018

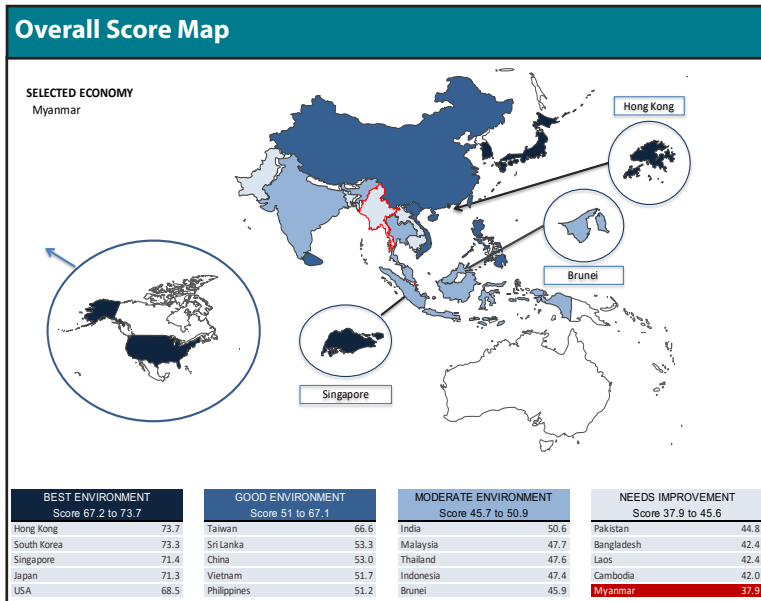
Overall performance

Despite placing at the bottom of the 2018 Index, Myanmar has shown considerable progress from 2016 to 2018. Myanmar has experienced strong per capita GDP growth alongside sharp falls in the share of natural resources in trade, suggesting its economy is shifting away from resource extraction towards higher value-add —and more sustainable — manufacturing and services. It also saw consistent improvement in the social pillar.

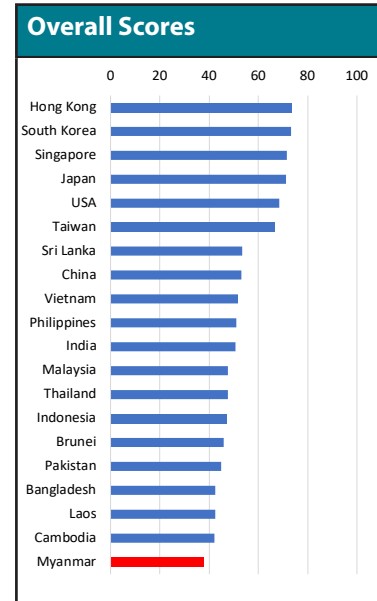
- **Economic:** Myanmar placed at the bottom of the economic pillar, reflecting significant trade and investment risks within the country.
- **Social:** Although it places toward the bottom of the social pillar, Myanmar saw consistent improvements in all four social indicators, which indicates that the country is trying to spread the benefits of trade equitably as it opens up its economy and integrates more with the global economy.
- **Environmental:** Myanmar's best performance was on the environmental pillar, where the country placed 18th out of 20 countries. In line with other developing countries on the Index, Myanmar registered bottom scores in water pollution and share of natural resources in trade.

Overall Index Performance			
Pillar	2018 Rank	2016 Rank	Change
Economic	20	20	= 
Social	19	20	+1 
Environmental	18	20	+2 
Overall	20	20	= 

Myanmar's score on each pillar compared with 2016 Sustainable Trade Index results.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Areas of top performance and improvement

- **Top performance:** Growth in per capita GDP. Myanmar scored third out of 20 economies on this indicator, which measures year-on-year growth of real GDP per head. This reflects the growing personal income of people in Myanmar and thus reflects consumers' growing ability to spend on traded goods.
- **Worst performance:** Technological infrastructure. Myanmar scored last in this indicator, which measures an economy's IT infrastructure. This indicator can impact a country's ability to attract foreign direct investment (FDI) and offer a competitive environment for trade-related industries.
- **Most improved:** Gross fixed capital formation. This indicator measures gross fixed investment in the national economy. Like FDI, a country's gross investment encourages trade and economic growth. Myanmar advanced 15 positions to score third on this indicator, reflecting a substantial amount of investment occurring in its economy.

Top & Bottom Indicators

Indicator	Index Avg.	2018 Score
Growth in per capita GDP	66.7	95
Foreign direct investment	13.0	20
Gross fixed capital formation	42.2	66
Transfer emissions	22.6	23
Labour standards	39.7	2
Export market concentration	68.3	20
Tariffs & non-tariff barrier to trade	59.4	0
Technological infrastructure	62.5	0

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Economic pillar

Myanmar placed 20th on the economic pillar—the same score as the 2016 Index. Having only opened up its economy recently, Myanmar scores predictably toward or at the bottom for most economic indicators. However, the country did score toward the top of the Index for three indicators: growth in per capita GDP, foreign direct investment (FDI) and gross fixed capital formation.

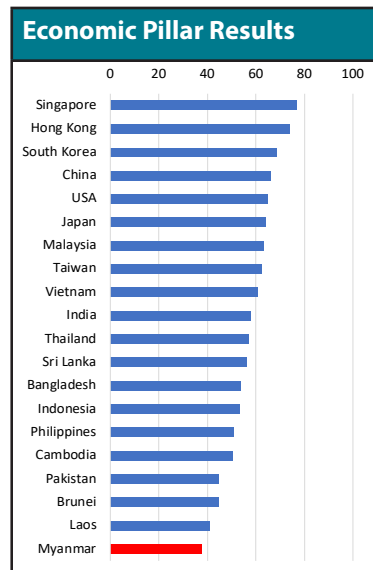
KEY TAKEAWAYS:

- Myanmar placed last in the economic pillar— reflecting its status as a recently opened up economy.
- Myanmar's top economic performance came from growth in per capita GDP and foreign direct investment— demonstrating its potential as a trading nation.
- Yet, Myanmar has some of the highest trade costs and barriers in the region, which poses significant investment and trade risks for investors.

Myanmar's top score was in growth in per capita GDP, which measures year-on-year growth of real GDP per head. The country scored third out of 20 economies in this indicator, outperformed by only Bangladesh and China. Myanmar was also the top ranking low-income country for the FDI indicator— trailing only economic powerhouses Hong Kong and Singapore. This indicator measures inward FDI as a share of GDP. Myanmar's top score is partly because its economy is relatively small, but this also means smaller absolute commitments can have a greater impact.

Myanmar predictably scored toward the bottom of the Index for technological and financial indicators, including technological infrastructure, financial sector depth and foreign trade and payment risk. As a recently opened up economy, Myanmar is still developing the physical and financial infrastructure it needs to trade.

Myanmar is home to some of the highest trade and investment risks in the region. It placed 18th out of 20 economies on the trade costs indicator, which is a composite of four important factors: infrastructure, logistics, corruption and legal system. Of these four indicators, Myanmar performed best in corruption (=9) and worst in infrastructure (20). The trade costs indicator seeks to capture the extra burden to trade created by inefficiencies in the trading system. Myanmar also bottomed the Index for tariff and non-tariff barriers to trade, which measures trade barriers such as trade quotas, licensing and import inspection. Myanmar has a number of areas where it can improve to make trading with the country more efficient.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Indicator	Index Avg.	2018 Score
Growth in per capita GDP	66.7	95
Foreign direct investment	13.0	20
Gross fixed capital formation	42.2	66
Export product concentration	84.6	85
Technological innovation	26.2	3
Current account liberalization	90.7	75
Growth in labour force	64.0	53
Exchange rate volatility	66.7	40
Financial sector depth	43.5	3
Foreign trade and payments risk	65.3	41
Trade costs	51.2	28
Export market concentration	68.3	20
Tariffs & non- tariff barrier to trade	59.4	0
Technological infrastructure	62.5	0

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

CASE STUDY: TECHNOLOGY AND AUTOMATION: FRIEND OR FOE FOR EMERGING ECONOMIES?

Technological change has been crucial in the disaggregation of supply chains across the world, but it is incumbent on governments to manage both technological- and trade-related change. In recent years, countries across Asia have been requesting policy advice from the Asian Development Bank (ADB) on these areas, says Stephen P. Groff, vice-president for East Asia, South-east Asia and the Pacific at ADB. Despite the worries of automation and premature deindustrialisation, Jayant Menon, lead economist at ADB, believes that many countries, including the “frontier economies” of Myanmar, Cambodia and Laos, are still actively trying to “engage further in the global value chain, which promises labour intensive employment opportunities.” In short, while some societies are increasingly sceptical about the impact of technology and trade, it appears as if most Asian countries are still eager to embrace both as a means for promoting inclusive, sustainable growth.¹

Social pillar

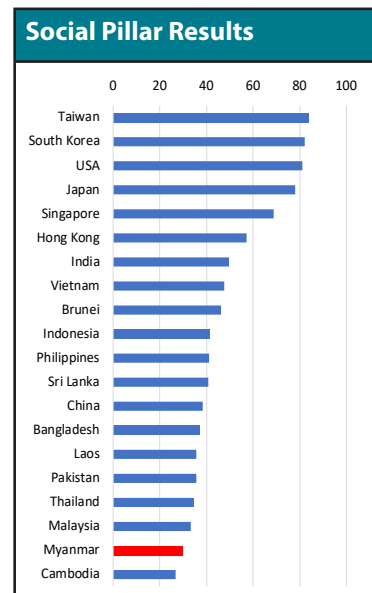
In the 2018 Index, there was an overall stagnation across all economies in the social pillar. Inequality and political instability are on the rise across the region, a trend that transcends wealth and development status. Myanmar was one of few countries to improve its social pillar performance, moving up one spot from last place in 2016 to 19th place in 2018. Myanmar saw consistent improvements in all four social pillar indicators, indicating the country is trying to spread the benefits of trade equitably as it continues open up and integrate more with the global economy.

KEY TAKEAWAYS:

- Myanmar placed 19th out of 20 economies on the social pillar— outscoring only Cambodia.
- Myanmar recorded low levels of inequality but also scored toward the bottom of the Index in educational attainment, labour standards and political stability.

Myanmar’s best social pillar performance was on the inequality indicator, which uses the Gini coefficient to capture the inequality level in a country between the upper and lower income brackets. Myanmar delivered low levels of inequality, ranking 10th in the indicator overall. Countries should be wary that trade can impact inequality, and high levels of inequality can result in societal tensions that can become an obstacle to further trade growth.

Despite improving its scores on all social indicators, Myanmar still placed near the bottom of the Index for education attainment, political stability and labour standards. For labour standards— which is measured based on three categories: forced labour, child labour, and labour rights— Myanmar placed 19th out of 20 economies, outscoring only Cambodia.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Social Indicators		
Indicator	Index Avg.	2018 Score
Inequality (Gini coefficient)	62.3	68
Educational attainment	38.4	4
Political stability	57.6	46
Labour standards	39.7	2

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

¹ Hinrich Foundation Sustainable Trade Index 2018

Environmental pillar

Myanmar's best performance on the 2018 Index was in the environmental pillar, where the country scored 18th out of 20 economies. Myanmar scored in the bottom half of the Index for all environmental indicators, except transfer emissions.

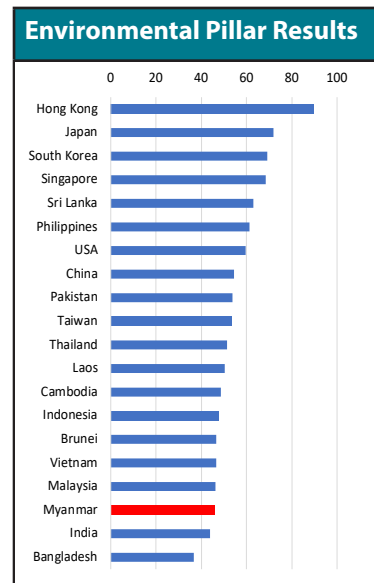
KEY TAKEAWAYS:

- Myanmar placed 18th overall in the environmental pillar—advancing two spots from 2016 and outscoring India and Bangladesh.
- Despite having one of the worst scores in share of natural resources in trade, Myanmar made considerable progress from 2016 to 2018, demonstrating it is making progress in diversifying its trade base away from natural resources.

Myanmar's best score on the environmental pillar was in the transfer emissions indicator, which measures transfer emissions as a share of a country's total territorial emissions (MtCO₂). Myanmar recorded some of the lowest levels of transfer emissions in the region, which is reflected in its sixth-place score on the 2018 Index.

Myanmar tied for last place in the water pollution indicator with Bangladesh, Cambodia, Indonesia, Laos, and Sri Lanka. Water pollution is an indicator where performance tends to follow wealth level very closely, and thus remains a continued issue for developing countries in the region. Myanmar also predictably placed in the bottom half of countries with high levels of air pollution, deforestation and low environmental standards of trade.

Myanmar's worst performance on the environmental indicator was in share of natural resources in trade indicator, where the country placed 18th out of 20 economies, ahead of Laos and Brunei. This indicator assesses natural resources as a percentage of a country's total trade. Reliance on a high concentration of natural resources-related exports is a key indicator of unsustainable trade. Despite its poor overall score, Myanmar did make impressive gains in reducing the share of natural resources in trade from 2016 to 2018, suggesting it is headed in the right direction of diversifying its trade base away from natural resources.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Indicator	Index Avg.	2018 Score
Transfer emissions	22.6	23
Air pollution	67.2	69
Deforestation	66.8	66
Environmental standards in trade	66.7	50
Water pollution	24.3	0
Share of natural resources in trade	85.3	67

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

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Myanmar Highlights

Additional resources

The Hinrich Foundation commissioned The Economist Intelligence Unit (EIU) to build the Sustainable Trade Index. The Index uses 24 indicators to measure the trade impacts of 19 economies in Asia and the U.S. across the three recognized pillars of sustainability: economic growth, social capital, and environmental protection.

Visit our website at: www.hinrichfoundation.com/trade-research/sustainable-trade-index to download additional Sustainable Trade Index resources including:

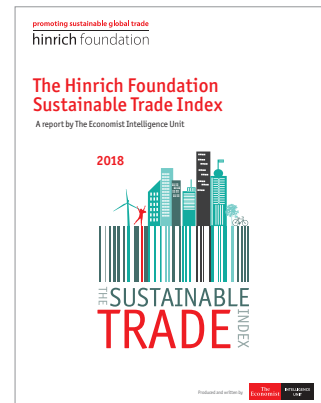
- **2018 Sustainable Trade Index white paper**- Prepared by the EIU, it presents and analyzes the 2018 Index findings for all 20 economies.
- **Index interactive data set and KPIs**- The comprehensive Index database allows users to directly interact with the Sustainable Trade Index data. For each economy, compare indicators, adjust score weights and visualize data in custom charts and graphs. It's a useful tool for regional comparisons or reviewing the performance of a particular economy.
- **Additional highlight reports for other economies**- Looking for information on other economies in the Sustainable Trade Index? Visit our website to download special reports on all 20 economies featured in the 2018 Index.
- **Index infographics, fact sheets and more!**

About the Hinrich Foundation

The Hinrich Foundation is a nonprofit organization that undertakes trade-related policy research and development work in Asia. It focuses on creating opportunities, choice and engagement through sustainable and mutually beneficial global trade. The Sustainable Trade Index aims to stimulate positive thinking about global trade and promote behaviors that will lead to better developmental outcomes, engagement and stability.

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Economic Pillar		Social Pillar		Environmental Pillar	
Australia	82.4	Australia	82.4	Australia	82.4
Canada	81.4	Canada	81.4	Canada	81.4
China	78.1	China	78.1	China	78.1
India	75.2	India	75.2	India	75.2
Japan	74.5	Japan	74.5	Japan	74.5
U.S.	73.8	U.S.	73.8	U.S.	73.8
South Korea	72.9	South Korea	72.9	South Korea	72.9
Indonesia	71.5	Indonesia	71.5	Indonesia	71.5
Malaysia	70.8	Malaysia	70.8	Malaysia	70.8
Philippines	69.2	Philippines	69.2	Philippines	69.2
Singapore	68.5	Singapore	68.5	Singapore	68.5
Thailand	67.8	Thailand	67.8	Thailand	67.8
Vietnam	66.1	Vietnam	66.1	Vietnam	66.1
Myanmar	65.4	Myanmar	65.4	Myanmar	65.4
ASEAN Average	72.5	ASEAN Average	72.5	ASEAN Average	72.5
Asia-Pacific Average	71.8	Asia-Pacific Average	71.8	Asia-Pacific Average	71.8
Global Average	70.2	Global Average	70.2	Global Average	70.2

