

ISP DATA MATTERS

No. 41 • February 23, 2023

China Studies

Behind the Trade Gap Between China and Myanmar



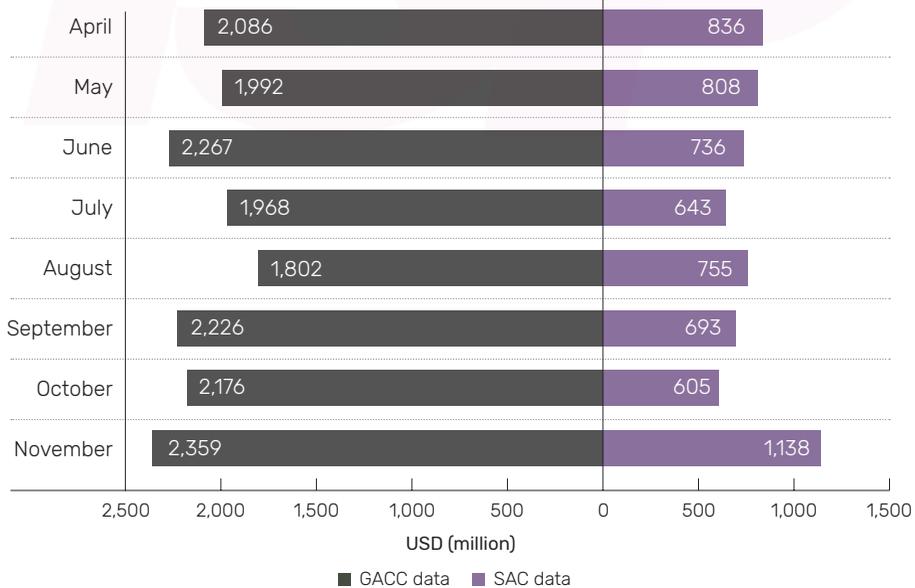
When comparing official announcements of the two-way trade figures of Myanmar and China, there is a gap of **almost USD 11 billion**. This applies to data in the **eight months** of the 2022-2023 fiscal year from April to November. According to announcements of the State Administration Council, trade value with China for the period was **over USD 6 billion**. But it was **almost USD 17 billion** in the corresponding China announcements. ISP-Myanmar will explain in brief how this gap has occurred and other important information from the Myanmar-China trade data.

■ USD 11 billion trade value gap

When comparing official announcements of the two-way trade figures of Myanmar and China, there is a gap of **almost USD 11 billion**. This applies to data in the **eight months** of the 2022-2023 fiscal year from April to November. According to data of the State Administration Council (SAC), trade value with China for the period was **more than USD 6 billion**. However, the General Administration of Customs China (GACC) data show trade with Myanmar in these eight months as **almost USD 17 billion**. China recorded all goods exported from Myanmar in a comprehensive manner. It appears that Myanmar only recorded trade data through official channels. Therefore, when ISP-Myanmar analysed mirror data of the two countries, the gap is **almost USD 11 billion**. This gap likely accounts for **continuing illegal trade** or an increase in illegal trade between Myanmar and China.

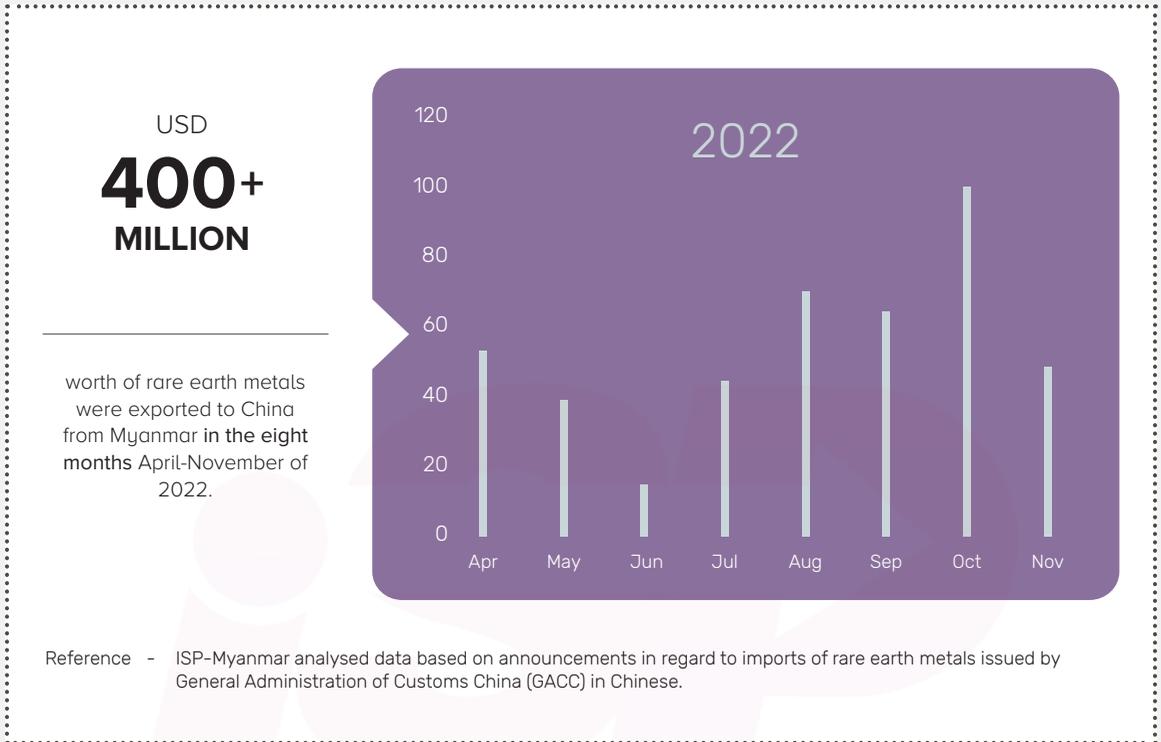
Comparison of trade values in the national accounts of Myanmar and China in April-November of the 2022-2023 Myanmar fiscal year

General Administration of Customs China (GACC) figures are double or more than the figures of the State Administration Council (SAC).



Reference - ISP-Myanmar reconciled the figures issued by General Administration of Customs China (GACC) and the State Administration Council (SAC)'s Ministry of Commerce. China's fiscal year follows the calendar year, starting in January and ending in December. ISP-Myanmar realigned the China trade figures with Myanmar from GACC announcements in both Chinese and English.

■ Over USD 400 million in exports of rare earths to China

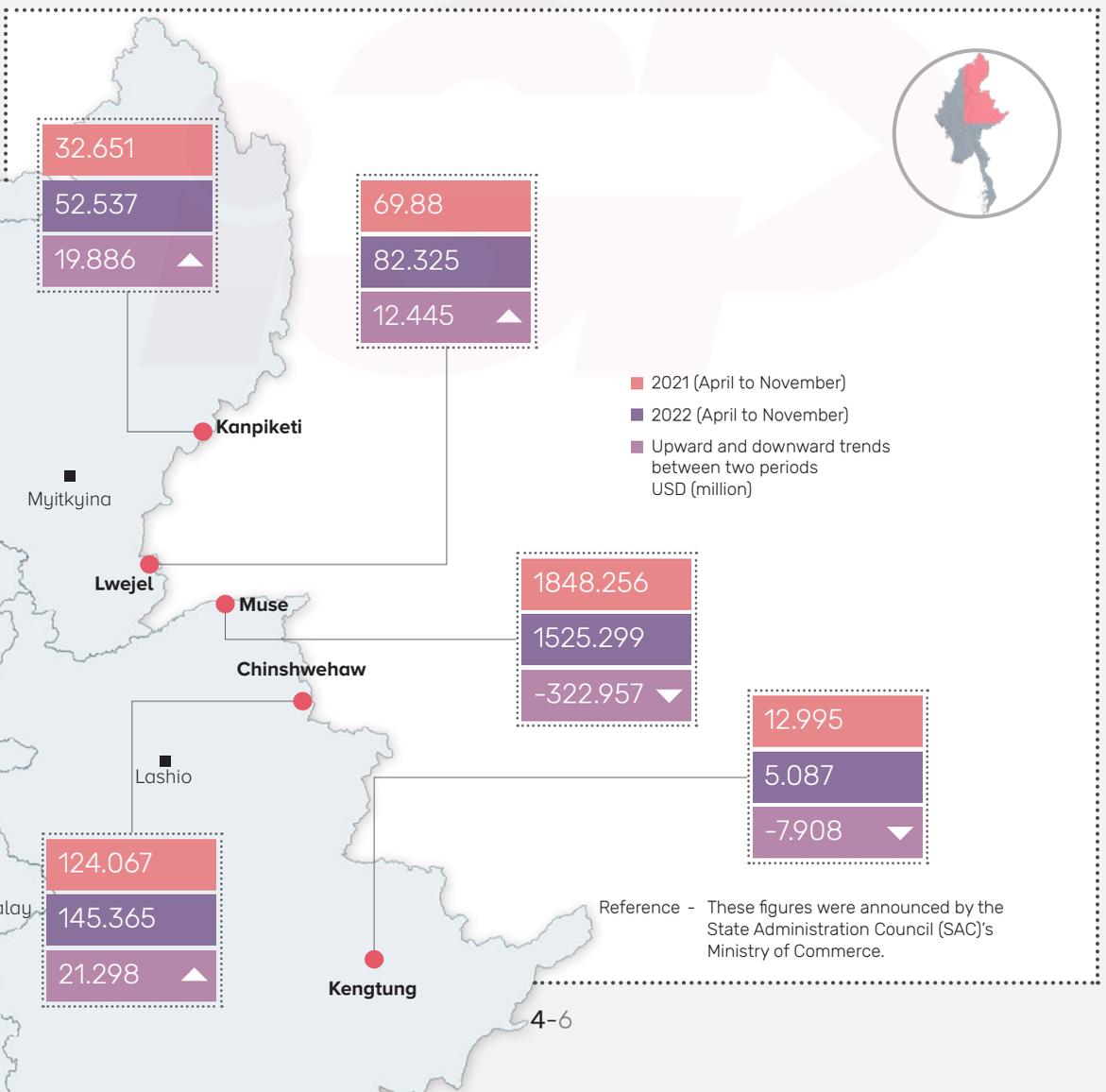


Illegal exports of natural resources to China across the Myanmar-China border have increased since the coup. The World Bank's report (January, 2023) issued recently also said that the differences in the terms of trade figures between Myanmar and China is due to illegal trade. It also mentioned that it is possible that natural resources such as rare earths, gold and other minerals are likely among this illegal trade.

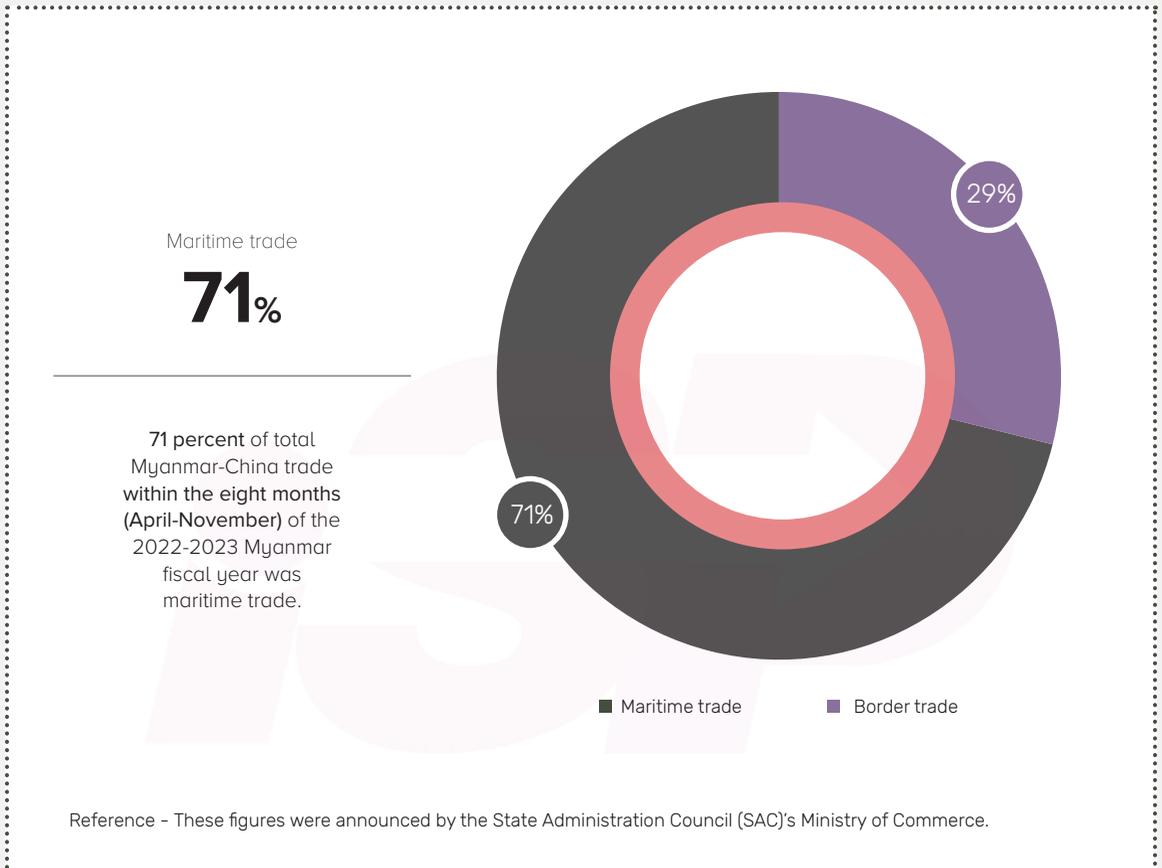
According to data collected by ISP-Myanmar based on announcements of the General Administration of Customs China (GACC), the export of rare earth metals from Myanmar to China was over USD 400 million within the eight months April-November of the 2022-2023 Myanmar fiscal year. The export values were from USD 25 million to 100 million each month with a decrease in exports only in June, 2022. The State Administration Council did not officially announce data regarding exports of rare earth metals. Therefore, it can be assumed that the export of rare earth metals to China through the border was done illegally.

■ Slight increase in trade in three of five border gates

Illegal trade is growing within the Myanmar-China trade. On the other hand, an official trade value has not increased significantly. Comparing the figures within the eight months (April-November) of 2022 to the previous year, trade has declined in Muse gate and Kengtung gate. Particularly, trade value has declined by over USD 320 million in Muse gate. Year on year trade increased by over USD 21 million in Chinshwehaw gate, the second most active Myanmar-China border trade gate after Muse. Lwejel gate recorded a over USD 12 million increase in trade, and Kanpiketi gate's border trade increased by nearly USD 20 million. Across all five border gates, year on year trade declined by over USD 277 million.



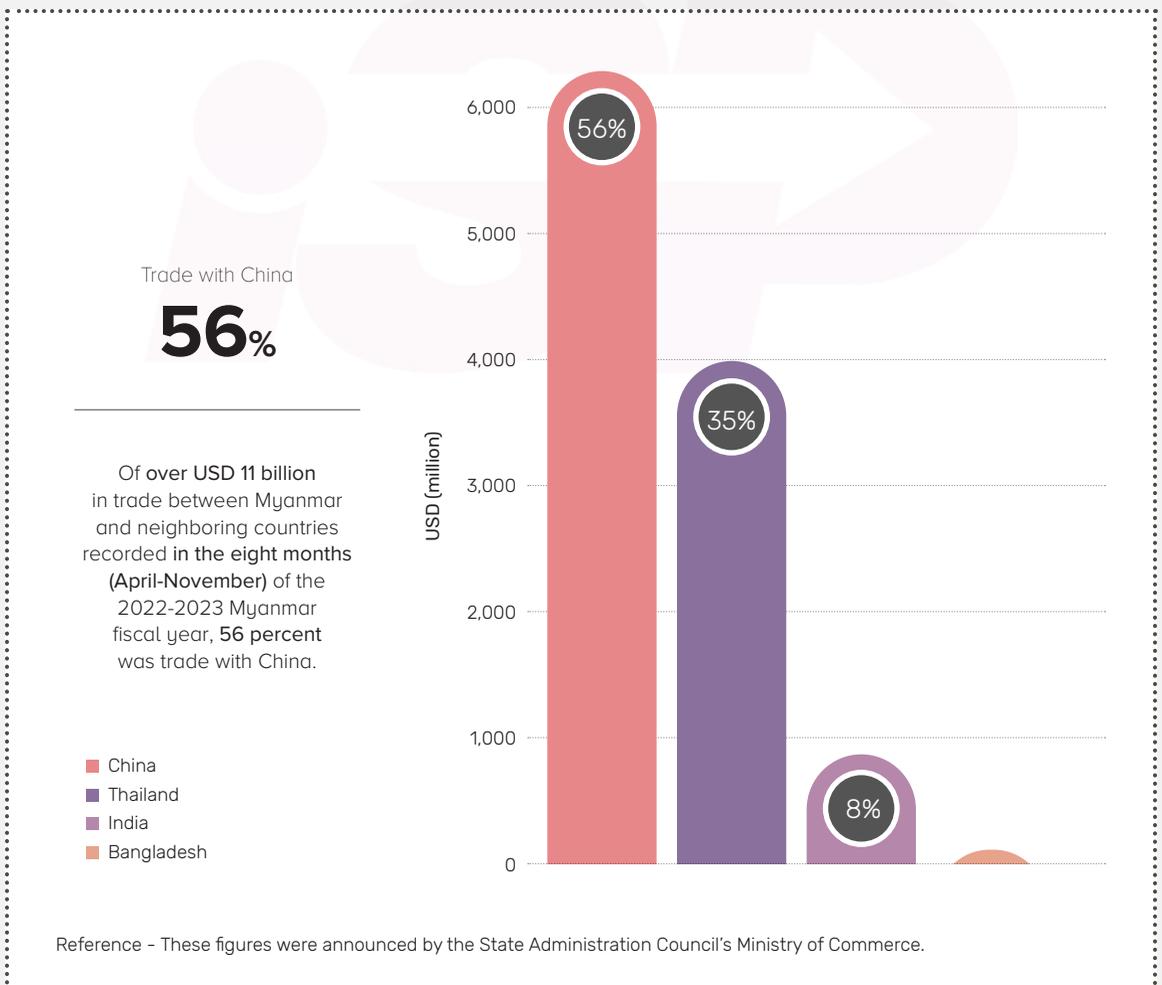
■ Maritime trade leads Myanmar-China trade



In Myanmar-China trade, maritime trade dominates border trade. According to figures of the eight months April-November of the 2022-2023 Myanmar fiscal year, nearly **71 percent** of total trade was maritime trade. This is more than double the value of land border trade which stood at **over 29 percent**. Maritime trade in the eight month period was **more than USD 4.4 billion** and border trade was **over USD 1.8 billion**. The value of maritime trade in the whole of 2020 before the coup was **over USD 6 billion**. This was **almost USD 300 million** more than border trade at **over USD 5.7 billion**. There is, therefore, a larger difference between the value of border trade and the value of maritime trade in the Myanmar-China trade accounts since the coup.

■ China and Thailand highest value trade partners in region

Among trade between Myanmar and neighboring countries, China and Thailand are the highest value trade partners. According to figures of the eight months (April-November) of the 2022-2023 Myanmar fiscal year, the value of trade between Myanmar and neighboring countries was over USD 11 billion. Of this, 56 percent was trade with China. Over 35 percent was trade with Thailand. By value, over USD 6 billion in trade was done with China and almost USD 4 billion in trade was done with Thailand. India was Myanmar's third largest trade partner with over USD 860 million. Nearly USD 114 million in trade was done with Bangladesh. Over USD 54,000 in trade was done with Laos.



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