Ex ante assessment of the impacts of the graduation of Myanmar from the category of Least Developed Countries (LDCs)

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This analysis does not reflect the impacts of Covid-19.

Contents

I. Introduction

This document contains an ***ex ante* assessment of the impacts of the graduation of Myanmar from the least developed country (LDC) category** (from here on referred to as "impact assessment"). Impact assessments are prepared by the United Nations Department of Economic and Social Affairs (UNDESA) as an input for the decision of the Committee for Development Policy (CDP) on whether to recommend a country's graduation. They can also provide useful information for the graduating country and its trade and development partners as they prepare for the country's transition out of the LDC category.[1] A summary of this assessment will be included in the comprehensive "graduation assessment", which will include analysis of other aspects of graduation, based on contributions from other entities.

This document focuses on the consequences of the withdrawal (in some cases after a "smooth transition" period) of international support measures (ISMs) dedicated specifically to LDCs. These measures are mostly in the areas of (i) trade; (ii) development cooperation; and (iii) support for participation in international organizations and processes. For an accurate reading of the impact assessment, please see the clarifications about its purpose and scope in Box 1. Research for this assessment was conducted in 2019. Formal requests for information on prospects after graduation were sent to the main trade and development partners. Meetings were held in Myanmar in November 2019 with representatives of government bodies, international organizations, development and trade partners, the private sector and others. Contributions were received for this assessment from numerous governments and organizations, including the United Nations Resident Coordinator's Office, the World Trade Organization (WTO) Secretariat, the Advisory Centre on WTO Law (ACWL) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

Box 1 Scope of the ex ante assessments of the impacts of graduation

The following clarifications are necessary for an accurate reading of the impact assessment:

- The assessment focuses specifically on the **direct impacts** of the withdrawal, upon graduation and any applicable "smooth transition" periods, of **international support measures (ISMs) that are exclusive to LDCs**. These measures relate to trade, development cooperation, and support for participation in the United Nations system entities and processes. Knowing what the likely direct impacts of LDC graduation are is important for the CDP to make its decision on recommendation, and for the country to consider as it prepares for graduation within the broader context of its development process.
- **Graduating from the LDC category is not equivalent to becoming a middle-income country.** The LDC category is based on three sets of criteria, one of which is per capita income. A country can be an LDC while also being a middle-income country, and can be a low-income country without being an LDC. Myanmar has already been classified as a lower middle-income country by the World Bank since fiscal year 2016, based on 2014 data, but continues to be an LDC.* Graduation from the LDC category is also not synonymous with graduation from the concessional windows of multilateral development banks or from eligibility to Official Development Assistance (see the section on "Development Cooperation"). The assessment **does not cover the impacts of achieving development milestones other than LDC graduation**. Transition strategies, however, should take into account that a country graduating from the LDC category will likely be simultaneously undergoing simultaneous transitions, according to the criteria and policies of development partners.
- It is **not the aim of this assessment to provide an overarching quantitative assessment** of the economic impact of graduation. Economic modelling approaches such as computable general equilibrium (CGE) have numerous shortcomings in the context of graduation.
- The impacts identified in this assessment are all subject to a certain degree of **uncertainty derived from the fact that the rules governing LDC-specific support measures may change, among other factors.**
- Graduated countries will forego the benefits of future support measures for LDCs unless provisions are negotiated that would enable them to be covered. This report focuses on **existing measures.**

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[1] The CDP is a subsidiary body of the Economic and Social Council, composed of 24 members nominated in their personal capacity by the Secretary-General. It meets once a year and subsequently submits its report to ECOSOC. It is mandated to undertake, every three years, a review of the list of least developed countries (the "triennial review") (ECOSOC resolutions 1998/46, General Assembly resolution 46/206). For more information on the CDP, including graduation criteria and procedures, please see cdp.un.org.

- This assessment is **not intended as a cost-benefit analysis** to help a country decide on whether to graduate, but as one of the elements in the CDP's decision on whether to recommend a country for graduation and as information that may support the graduating country's preparation for graduation.
- All efforts have been made, including consulting expert institutions, to provide the most accurate information about the LDC-specific support measures and the terms of their withdrawal after graduation. The application of some measures after graduation could be subject to legal interpretations or negotiation. The contents of this assessment are **not to be interpreted as authoritative legal opinions or as anticipating outcomes of negotiations**.

* For LDC criteria, see the information on the CDP website, https://www.un.org/development/desa/dpad/least-developed-country-category.html. For information on the World Bank's income-based categories, see "World Bank Country and Lending Groups" at https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups and historical data on analytical classifications at http://databank.worldbank.org/data/download/site-content/OGHIST.xls. .

II. Impacts of the withdrawal of LDC-related support measures (ISMs)

International support measures (ISMs) for LDCs are mostly in the areas of trade, technical and financial assistance (development cooperation), and support for participation in international organizations and processes.[2] When a country graduates from the LDC category, in principle it cannot continue to benefit from these measures. The General Assembly has encouraged development and trading partners to put into place mechanisms that will allow graduating countries to ensure a "smooth transition" out of the LDC category.[3] Accordingly, some of the international support measures are not immediately revoked upon graduation and offer "smooth transition" solutions such as extended eligibility or phase-outs.

The impacts of no longer being able to use those measures upon graduation (and any smooth transition periods) depend on the extent to which they are actually used by the country whilst an LDC and on the measures that apply after graduation. This section reviews the situation of Myanmar in regard to each of the categories of support measures.

A. Trade-related support measures[4]

LDC-specific international support measures in trade consist of: (i) preferential market access for goods; (ii) preferential market access for services; (iii) special and differential treatment and additional flexibilities under certain regional agreements; (iv) special and differential treatment under the WTO agreements; and (v) capacity-building, training and technical assistance related to trade.

1. Preferential market access for trade in goods

Most developed countries and an increasing number of developing countries grant either full or nearly full duty-free, quota-free (DFQF) market access to LDCs (WTO, 2018).[5] Some countries also apply less stringent rules of origin to LDCs. After graduation, in developed country markets, former LDCs generally have access to the standard Generalized System of Preference (GSP) schemes and, for products that are not covered by those schemes, export under the most-favoured-nation (MFN) tariff or any applicable regional or bilateral agreements. In developing country markets, former LDCs export under MFN tariffs or any applicable regional or bilateral agreements. The impacts of the withdrawal of LDC-specific schemes depend on the graduating country's export products, the destinations of those exports, the applicable market access schemes before and after graduation in each of those destinations and the extent to which exporters actually use the preferential schemes. Graduation has no impact on exports of products and services that are not covered by the LDC-specific preferences, on exports to markets that do not grant LDC-specific preferences, on exports to markets where the

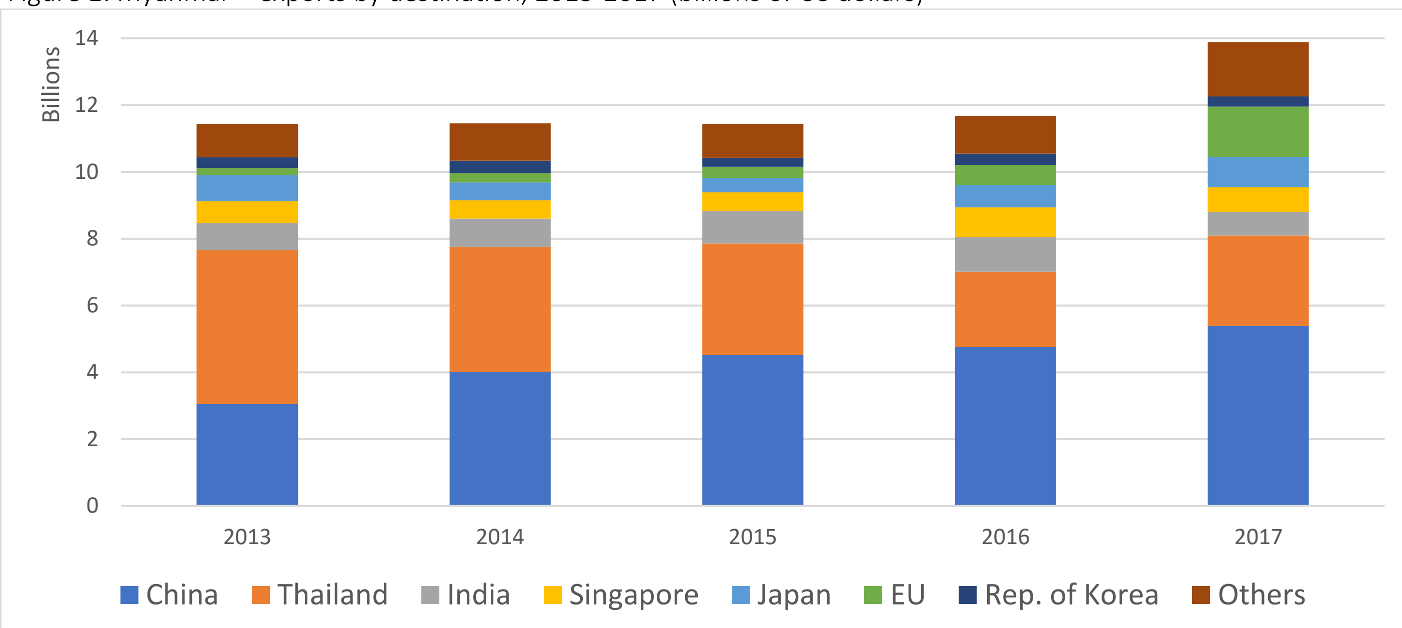
[2] Information on support measures can be found in the Support Measures Portal for Least Developed countries (https://www.un.org/ldcportal/).
[3] See, among others, resolutions 59/209 (2004) and 67/221 (2012).
[4] The WTO secretariat and the Advisory Centre on WTO Law provided inputs for and comments on previous versions of this chapter
[5] In the case of developed countries, the legal basis for these preferences is the decision on "Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries" (known as the "Enabling Clause"), adopted in 1979 by the Members of the GATT, which allowed developed countries to depart from their MFN obligation with respect to all developing countries, including LDCs. The Enabling Clause is not time constrained. In developing country markets, trade preferences to LDCs are allowed under the waiver to the MFN obligation under the decision on "Preferential-Tariff Treatment for Least-Developed Countries", originally adopted in 1999 and extended in 2009 until 30 June 2019 (WT/L/759). Another important milestone was the Decision on Measures in Favour of Least Developed Countries adopted by WTO members at the 2005 Hong Kong Ministerial Conference.

country has equivalent or better market access terms due to bilateral or regional agreements, or on exports which for any reason (e.g. high costs of compliance with requirements) do not use the available preferences.

In the case of Myanmar, most current exports will not be affected by graduation. However, LDC-specific DFQF schemes, particularly that of the European Union (EU)[6], have been instrumental in recent industrialization efforts including the development of the garment industry. Depending on other domestic and external factors, no longer having access to this and other DFQF schemes could affect diversification prospects.

Overview: sectors and destinations. Myanmar's exports of goods averaged 11.5 billion dollars per year between 2013 and 2016 and increased to 13.9 billion in 2017 (UN Comtrade). The largest destinations for these exports until 2016 were China, Thailand, India, Singapore and Japan (see Figure 1). Exports to the EU have increased significantly in the past few years, especially after the reinstatement of trade preferences in 2013, and to a large extent due to the increase in the exports of garments (see Figure 2) (European Commission, 2013). In 2017 the EU was the third largest market for Myanmar's exports. The main export products have been petroleum gases and agricultural products, with garments quickly gaining ground (see Figures 3 and 4).

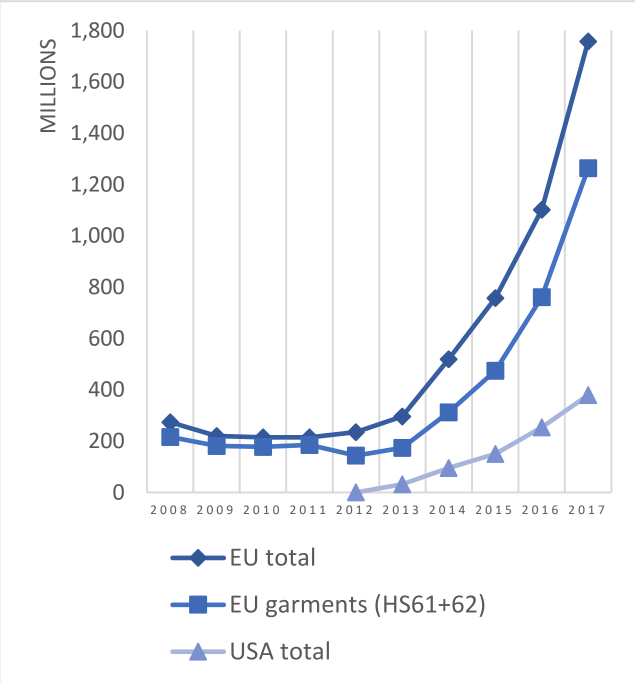
Figure 1: Myanmar – exports by destination, 2013-2017 (billions of US dollars)



Source: UN Comtrade, extracted on October 4, 2019.

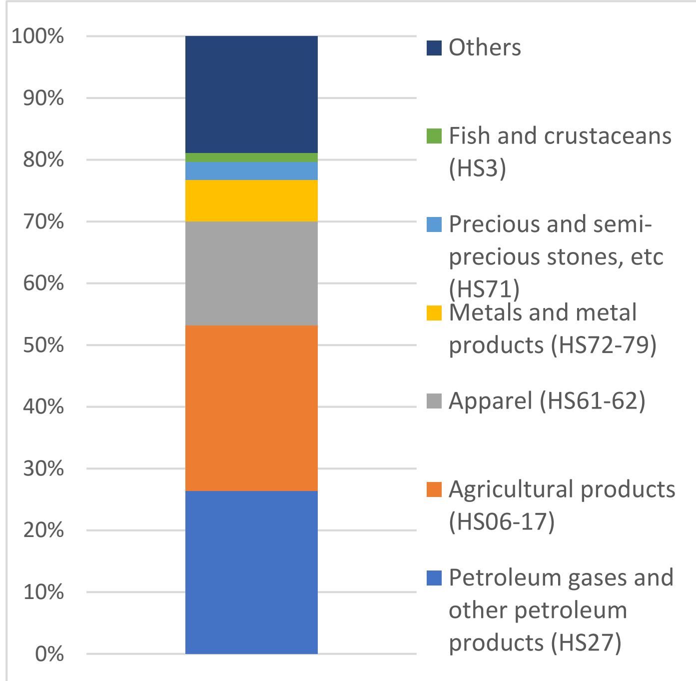
[6] All data referring to the European Union before 2020 in this document includes the United Kingdom.

Figure 2: Myanmar exports to the United States and the EU (mirror data) (millions of US dollars)



Source: UN Comtrade, extracted on October 4, 2019. Discrepancies with data in Figure 1 are attributable to differences in source data (data as reported by Myanmar in Figure 1; mirror data in Figure 2)

Figure 3: Myanmar: main export products, 2017 (percentages)



Source: UN Comtrade, extracted on October 4, 2019.

Expected impacts of graduation. An analysis of the export structure, the applicable schemes before and after graduation (Table I.1 in the Annex), the tariffs for the main export products before and after graduation (Table I.2 in the Annex) and further WTO data on the utilisation of preferences lead to the following conclusions.

➢ **Graduation is not expected to affect market access for most of Myanmar's top exports, including most exports to China, Thailand, India, and the Republic of Korea.**

Myanmar is a member of the Association of Southeast Asian Nations (ASEAN) free trade area[7], which also has free trade agreements with China, Japan, India, the Republic of Korea, and Australia and New Zealand, providing duty-free treatment for a substantial part of exports to these countries, independent of LDC status. Implementation of the Regional Comprehensive Economic Partnership (RCEP) is expected to further reduce tariff and non-tariff barriers between member countries.

While both **China and Thailand**, the two top destinations for Myanmar's exports, have preferential tariffs for LDCs, most of Myanmar's exports to these countries either are either not covered by these preferential tariffs or are also duty-free under the most favoured nation (MFN) rate, the ASEAN free trade area in the case of Thailand, or the ASEAN-China free trade agreement. Table 1 illustrates this for Myanmar's top export products to China in 2017. Table 2 does the same for Thailand.

China has different rules of origin for exports under the LDC preferential tariff than for exports under the ASEAN-China free trade agreement. Both allow a regional value content of 40% to define origin, but the rules for the LDC special tariff also allow change in tariff classification to determine origin. While these differences are not expected to be relevant for the major export products, further research may be helpful to identify whether different rules of origin could be a barrier to use the non-LDC-specific market preferences.

[7] Members of ASEAN are Myanmar, Lao PDR, Thailand, Viet Nam, Brunei, Cambodia, Indonesia, Malaysia, the Philippines and Singapore.

Table 1: Top exports from Myanmar to China, 2017 (millions of US dollars and percentages)*

HS Product code	Description	Export value, 2017 (US dollars)	% of Myanmar exports to China	% of Myanmar's total exports	Tariff as an LDC	Change after graduation
2711	Petroleum gases and other gaseous hydrocarbons	1,306	24%	9%	Duty-free under MFN for products within this category exported to China by Myanmar	No change
1701	Cane or beet sugar	811	15%	6%	No LDC tariff (MFN 15-50%)	No change
1006	Rice	573	11%	4%	No LDC tariff (MFN or ASEAN 1-65%)	No change
7103	Precious and semi-precious stones	344	6%	2%	Duty-free under preferential tariff for LDCs or China-ASEAN agreement	No change (duty-free for ASEAN)
7202	Ferro-alloys	320	6%	2%	Duty-free under preferential tariff for LDCs or China-ASEAN agreement	No change (duty-free for ASEAN)
1005	Maize (corn)	285	5%	2%	No LDC tariff (MFN tariff or tariff under the China-ASEAN agreement are 1-50%)	No change
2710	Petroleum oils and oils from bituminous minerals	279	5%	2%	Most products duty-free under preferential tariff for LDCs or agreement with ASEAN. A small number of products are not covered by the agreement with ASEAN.	Most products continue to be exported duty-free (ASEAN). A small number of tariff lines in this section are not covered by the ASEAN agreement. MFN=6-9%
7403	Copper; copper alloys	233	4%	2%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN
3	Fish, crustaceans, molluscs (various products at 4 digits)	180	3%	1%	Duty-free either under preferential tariff for LDCs, or China-ASEAN agreement/ preferential tariff for Myanmar	No change: duty-free under China-ASEAN agreement/preferential tariff for Myanmar
713	Leguminous vegetables	177	3%	1%	Duty-free under MFN, LDC tariff or ASEAN-China agreement	No change (duty-free for ASEAN or under MFN)
4001	Rubber	159	3%	1%	The only product in this section that is duty-free for LDCs is also duty-free under the agreement with ASEAN. The MFN rate for the others is 20%.	No change.
1207	Oil seeds and oleaginous fruits,	124	2%	1%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN
807	Melons	101	2%	1%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN

Sources: UN Comtrade and WITS.

*Includes products defined at 4 digits of the HS classification for which exports were greater than 100 million dollars and products defined at 2 digits for which exports were greater than 100 million dollars and that are not otherwise reflected among the top exports.

Table 2: Top exports from Myanmar to Thailand (millions of US dollars and percentages)*

HS Product code	Description	Export value, 2017 (US dollars)	% of Myanmar exports to Thailand	% of Myanmar's total exports	Tariff as an LDC	Change after graduation
2711	Petroleum gases and other gaseous hydrocarbons	1,967	73%	14%	Duty-free under MFN (no LDC tariff)	No change
3	Fish, crustaceans, molluscs (various products at 4 digits)	253	9%	2%	Duty-free either under preferential tariff for LDCs or ASEAN.	No change: duty-free for ASEAN
7403	Copper	137	5%	1%	Duty-free under MFN or ASEAN (no LDC tariff)	No change

Sources: UN Comtrade and WITS.

*Includes products defined at 4 digits of the HS classification for which exports were greater than 100 million dollars and products defined at 2 digits for which exports were greater than 100 million dollars and that are not otherwise reflected among the top exports.

Myanmar's main exports to the **Republic of Korea** and **India** would continue to be duty-free under these countries' free trade agreements with ASEAN.

In the case of the Republic of Korea, most products are already exempt from tariffs under the agreement with ASEAN. As mentioned above, RCEP is expected to lead to further decreases in tariffs and non-tariff barriers to trade between its members. Myanmar's main exports to the Republic of Korea are garments. Exports under HS chapters 61 and 62 accounted for 76% of exports in 2017. These products are duty-free under the agreement with ASEAN. Myanmar makes relatively little use of LDC-specific preferences in the Republic of Korea.[8] Approximately 93% of the products that qualified for the LDC duty in 2017 were actually exported under other preferential agreements (the agreement with ASEAN) (89%) or under MFN terms (4%). Only 7% entered were exported under the LDC preferential tariff. This aggregate number mostly reflects the situation of non-agricultural goods (including garments). Agricultural goods have made greater use of the LDC preferences, though only half of eligible products actually used them in 2017.

In 2017, Myanmar's main export product to India were pulses (HS 0713) (see Box 3 below) most of which would continue to be duty-free under the agreement with ASEAN.

- **Although Myanmar has a high rate of utilisation of LDC-specific preferences in Japan, most of Myanmar's exports to Japan that are covered by LDC-specific preferences will continue to be exported duty-free under the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEPA).**

Over 70 per cent of Myanmar's exports to Japan in 2017 were garments. These would continue to be exported duty-free under the AJCEPA if producers comply with the rules of origin. The standard GSP covers some products, but does not always ensure duty-free access. According to WTO data, Myanmar's utilisation rate of LDC-specific preferences in Japan is high.[9] Further research may be helpful in identifying any barriers to exporting under AJCEPA (for example related to the capacity to comply with rules of origin).

Most footwear exports to Japan (11% of exports) would either not be affected by graduation because they were not covered by LDC-specific preferences; or would only marginally be affected as they will be exported under tariffs of 0-2.2% under AJCEPA, provided rules of origin are met. Products that corresponded to approximately 3% of footwear exports to Japan in 2017 (0.03% of Myanmar's exports to Japan) will face MFN rates of 21.5% to 25%.

Fish composed about 3% of Myanmar's exports to Japan in 2017. Taking 2017 as a reference, at least 98% of the fish exports would continue to be duty-free.

- **Loss of duty-free, quota-free access to the European Union is expected to be the most significant impact of Myanmar's graduation. After a smooth transition period of 3 years, Myanmar will no longer be able to export under the Everything But Arms scheme. This will mean tariffs will be applied for most (though not all) of its exports, and that Myanmar exporters will need to comply with more stringent rules of origin. The high rate of growth of exports after the reinstatement of trade preferences in 2013 and the high rate of utilisation of preferences suggest the withdrawal of the EBA will have significant impacts. Garments are the main export to the EU, and the EU is the main destination for Myanmar's garment exports.**

Myanmar's exports to the EU have increased sharply since the reinstatement of trade preferences in 2013, driven largely by exports of garments (see Figures 2 and 4) (European Commission, 2018). In 2017, the EU was the third largest destination for Myanmar's exports, and the largest one with which the country has a trade surplus. Utilisation rates of EBA preferences by Myanmar are high.[10] This is the case for both agricultural and non-agricultural products.[11]

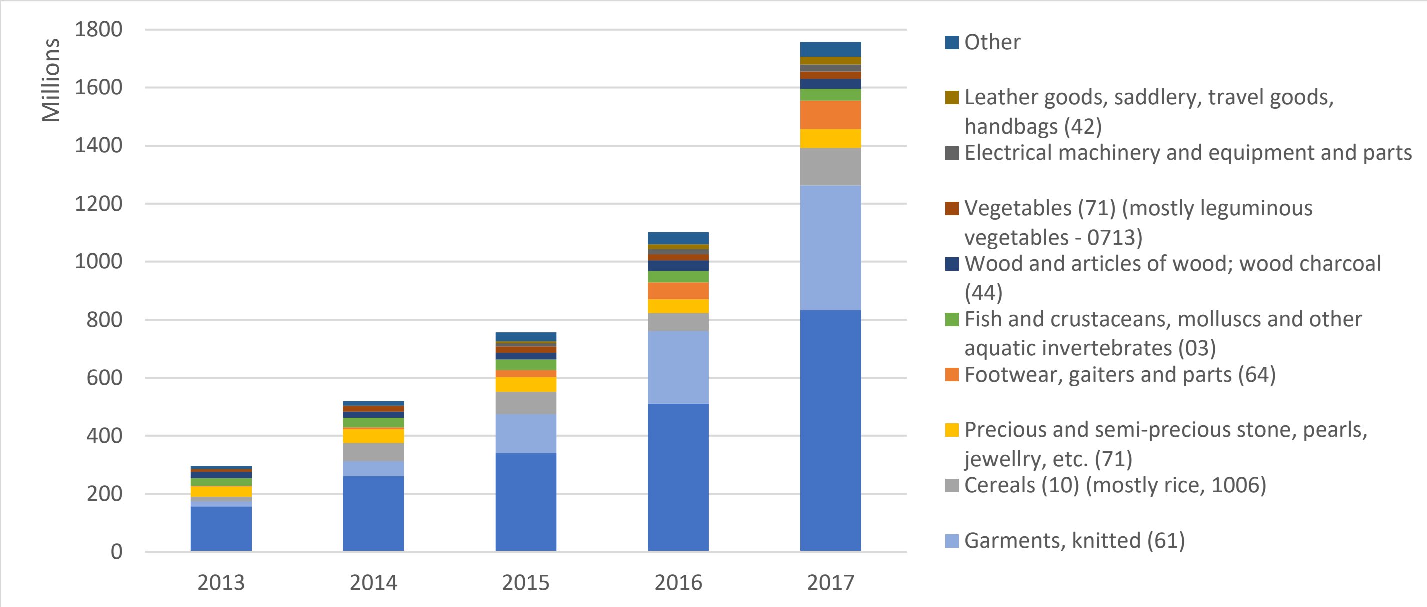
[8] WTO Preferential Trade Arrangements database, http://ptadb.wto.org.

[9] WTO Preferential Trade Arrangements database, http://ptadb.wto.org.

[10] WTO Preferential Trade Arrangements database, http://ptadb.wto.org.

[11] See European Commission, 2018, for data on utilization in the garment industry compared to other countries.

Figure 4: Myanmar exports to the EU (millions of United States dollars)



Source: UN Comtrade, extracted on November, 2019.

EU: Applicable schemes in the EU before and after graduation

As an LDC, Myanmar trades under the Everything But Arms (EBA) scheme, which unilaterally grants LDCs duty-free, quota-free access to the single market for all products except arms and ammunitions. The EU's current GSP regulation will expire at the end of 2023 and will be replaced by new regulation the terms of which are not yet known. Under current rules, when Myanmar graduates, and after a three-year transition period, it will no longer be able to export under the EBA and would automatically, and until it crosses the upper-middle income threshold of the World Bank, export under the standard GSP and, for products not covered by the scheme of for which rules of origin are not met, MFN rates.[12]

Access to the standard GSP, like the EBA, is conditional upon the beneficiary country respecting the principles of 15 core United Nations (UN) and International Labour Organisation (ILO) Conventions on human rights and labour rights laid down in Annex VIII Part A of the GSP Regulation. The Foreign Affairs Council in its Conclusions from February 2018 identified Myanmar for "enhanced engagement" under the EBA on the basis of the seriousness of their alleged violations of human rights and labour standards (as testified by UN and ILO reports), as well as on the basis of their substantial trade with the EU.[13] This issue was addressed during the Fifth European Union-Myanmar Human Rights Dialogue held in June 2019, and discussions are set to continue.[14] In February 2020, enhanced engagement was ongoing. Uncertainty regarding future eligibility for the EBA and GSP may already be holding back Myanmar's export potential, particularly in garments. The main difference between suspension from the EBA and GSP in the context of these procedures and withdrawal of the EBA as a consequence of LDC graduation, in addition to timing (EBA withdrawal due to graduation would happen only three years after the date of graduation, that is, not before 2027), is that in the former case Myanmar would also not be eligible for the standard GSP.

Graduating LDCs can apply for the special incentive arrangement for Sustainable Development and Good Governance (GSP+), which grants duty-free market access for 66% of EU tariff lines. However, in order to be able

[12] Under the standard GSP, exports of specific products cease to be eligible for the standard GSP if they surpass certain percentages of the total imported under the scheme. Myanmar's exports are currently not close to those thresholds.

[13] European Commission, "EU triggers procedure to temporarily suspend trade preferences for Cambodia", European Commission Fact Sheet, Brussels, 11 February 2019. https://europa.eu/rapid/press-release_MEMO-19-988_en.htm

[14] European Union External Action, "The European Union and Myanmar hold 5th Human Rights Dialogue" Joint Press Release, 14 June 2019, https://eeas.europa.eu/headquarters/headquarters-homepage_en/64154/The%20European%20Union%20and%20Myanmar%20hold%205th%20Human%20Rights%20Dialogue%20-%20Joint%20Press%20Release

to do so, Myanmar would need to meet two sets of criteria. Myanmar meets the first set – the vulnerability criteria – which includes a requirement that the country's share of GSP-covered imports remain below 6.5 per cent of GSP-covered imports of all GSP countries (import share criterion) and a requirement that 75 per cent or more of the country's total exports to the EU under the GSP over a three-year period be in seven or fewer sections under the Combined Nomenclature of the EU (diversification criterion).[15] Myanmar does not currently fulfill the second set of criteria, which require the country to have ratified and effectively implemented 27 international conventions on human rights, labour rights, environmental protection and good governance. Myanmar has not ratified three of the required human rights conventions and five of the ILO conventions.[16] Under Article 9 of Regulation (EU) No 978/2012, for a country to qualify for GSP+, in addition to meeting the vulnerability criteria and ratifying the conventions, the most recent conclusions of monitoring bodies of those conventions must not have identified serious failure by that country to effectively implement the conventions.

EU rules of origin. Graduation would also mean that Myanmar would need to comply with more stringent rules of origin to export under the standard GSP (or GSP+) than it does to export under the EBA. For LDCs exporting under the EBA, up to 70 per cent of the value added of exports can be produced abroad for the country to still benefit from preferential market access under the EBA, as opposed to 50 per cent for the (non-LDC) beneficiaries of the standard GSP. In the garments sector, which is of particular relevance to Myanmar (see Box 2), products from LDCs are only required to undergo a "single transformation" (only one stage of conversion of the product) in order to benefit from the EBA, while products from non-LDCs are required to undergo "double transformation" (two stages of conversion) in order to benefit from the standard GSP. The EU GSP's regional cumulation provision allows, under certain conditions, rules of origin to be met through sourcing of inputs from another country within a regional group, provided the country is a beneficiary of the same scheme. For example, when Myanmar becomes a beneficiary of the standard GSP, a garment producer in Myanmar will be able to, under certain conditions, use fabrics originating in other ASEAN countries that are also beneficiaries of the standard GSP.[17] Cumulation is also possible, upon request and under certain conditions, with those among Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka that are beneficiaries of the same GSP scheme. Moreover, "a beneficiary country may apply for a temporary derogation from the EU GSP rules of origin where internal or external factors temporarily deprive it of the ability to comply with rules of origin, or where it requires time to prepare itself to comply with rules of origin."[18] In practice, however, use of the regional cumulation provision may be restricted due to the limited capacity of regional partners to produce the necessary inputs (yarn and fabric for garments, for example). Capacity to comply with more stringent rules of origin in a context of regional integration, particularly in the garment sector, with identification of capacity-building needs, could be an area of interest for further research.

Impacts on the main export products to the EU. Assuming Myanmar exports under the standard GSP starting three years after graduation, tariffs on the main exported products to the EU would be as follows (see Table 3 for details):

- Most garments would face tariffs of 9.6%. This would require meeting the rules of origin for non-LDC beneficiaries. If the rules of origin (see below) were not complied with, exports would face the 12% MFN rate. Box 2 contains more information on the expected impacts of graduation on the garment industry.

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[15] A section in the EU's Combined Nomenclature refers to a set of chapters (e.g., Section I: live animals and animal products, including chapters 01 to 05). As a reference, 74% of Myanmar's exports in 2017 were under a single section (XI - textiles and textile articles, which includes chapters 50-63) according to mirror data extracted from UN Comtrade.

[16] International Convention on the Elimination of All Forms of Racial Discrimination (ICERD); International Covenant on Civil and Political Rights; Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; ILO conventions No. 98 (Right to Organise and Collective Bargaining Convention); 105 (Abolition of Forced Labour); 111 (Discrimination (Employment and Occupation)); 100 (Equal Remuneration); and 138 (Minimum Age).

[17] See https://trade.ec.europa.eu/tradehelp/rules-origin-generalised-scheme-preferences and European Commission (2016), "The European Union's Rules of Origin for the Generalised System of Preferences – A Guide for Users", https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/guide-contents_annex_1_en.pdf.

[18] European Commission (2016), "The European Union's Rules of Origin for the Generalised System of Preferences – A Guide for Users", p. 5. https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/guide-contents_annex_1_en.pdf.

- Rice is not covered by the standard GSP. For Myanmar's main rice export to the EU (100640) the MFN tariff is 19.35%; for 100630 (27% in 2017) the MFN tariff is 28.25%. Box 3 contains more information on the expected impacts of graduation on exports of rice, as well as pulses.
- Footwear (HS 64) and fish (HS 03) would face a range of tariffs, mostly still benefitting from preferential margins under the GSP in comparison to MFN.
- Most precious and semi-precious stones, pearls, jewelry etc. (HS 71) and wood and wood products (HS 44) would continue to be exported duty-free under the standard GSP or MFN rates.

The EU is working with Myanmar under the Arise+ project to improve sanitary and phytosanitary conditions, which can help increase exports to the EU but also to other markets such as China.

Table 3: Top exports from Myanmar to the EU in 2017: impacts of graduation on tariffs

Product code	Description	Share of exports to the EU, 2017	Tariff as an LDC	Change after graduation
62	Garments, non-knitted	47%	Duty-free under the EBA	9.6 under standard GSP (must fulfill rules of origin - see text); 12% under MFN
61	Garments, knitted	24%	Duty-free under the EBA	9.6 under standard GSP (must fulfill rules of origin - see text); 12% under MFN
1006	Rice	7%	Duty-free under the EBA	Rice is not covered by the standard GSP. For Myanmar's main rice export to the EU under 1006 (100640 - 73% of rice exports to the EU in 2017), MFN tariff is 19.35%; for 100630 (27% in 2017), MFN is 28.25%.
64	Footwear, etc.	6%	Duty-free under the EBA	Products accounting for approximately 60 per cent of Myanmar's footwear exports to the EU in 2017 would face tariffs of 11.9 per cent and just under 40 per cent would face tariffs of 4.5 per cent.
71	Precious and semi-precious stones, pearls, jewelry, etc.	4%	Duty-free under EBA	Most products are duty-free under MFN or standard GSP (no change).
03	Fish, crustaceans, molluscs	2%	Duty-free under the EBA	GSP tariffs vary from 2.6 to 18.5, with a large share of the products exported by Myanmar at 4.5%.
44	Wood and wood products	2%	Duty-free under the EBA	Most products are duty-free under MFN or standard GSP (no change).

Sources: UN Comtrade (mirror data) and WITS.

- **Approximately 19% of exports to the EU in 2017 were to the United Kingdom, which is expected to adopt a preferential market access scheme equivalent to that of the EU.**

- **The United States is still a relatively small market and the inclusion of Myanmar as a beneficiary in its GSP is still recent. Textiles garment and footwear are not covered by the GSP for LDCs and would therefore not be affected by graduation. Bags and leather products are the largest group of export products that may face higher tariffs.**

The United States is still a relatively small market for Myanmar, with 2% of exports in 2017. The inclusion of Myanmar as a beneficiary of the United States GSP for LDCs is recent (November 2016). Upon graduation, Myanmar would export under the standard GSP. Utilisation rates are still relatively low, and the United States GSP for LDCs covers only approximately 12% of tariff lines.[19] Garments, textiles and footwear (HS 61, 62, 63, 64), which accounted for over 40% of exports in 2017, will not be affected by graduation as they are not covered by the United States GSP for LDCs. Approximately 22% of Myanmar's exports to the United States in 2017 were of bags and leather products (HS 42). The products in that chapter that benefit from an LDC-specific tariff will, after graduation, face MFN tariffs of between 5% and 20%.

[19] WTO Preferential Trade Arrangements database, http://ptadb.wto.org.

- **Together, the other markets that grant LDC-specific preferences amount to less than 1% of Myanmar's exports.**

Among those, Canada and Australia are the largest. Approximately 90% of Myanmar's exports to Canada in 2018 were eligible for LDC-specific preferences, of which 72% used those preferences. A significant share of exports to Canada, including textiles, garments and footwear, would face higher tariffs. Many of these products are not covered by the standard GSP. Approximately 9% of exports were duty-free under MFN.[20] On the other hand, a large share of exports to Australia and New Zealand, including most textiles, garments, footwear and fish, would continue to be duty-free under the standard GSP, the Australia-New Zealand-ASEAN free trade agreement or MFN. In 2018, approximately 44 per cent of Myanmar's exports to Australia were duty-free under MFN.

- **Approximately 14% of Myanmar's exports in 2017 were to countries that do not grant LDC preferences, including Singapore, Malaysia, Viet Nam, Bangladesh and Indonesia. Market access to these countries is not affected by graduation.**

Box 2 The garment industry and graduation

Myanmar's garment industry took off after the country was reinstated as a beneficiary of the EBA in the EU in 2013. Myanmar had been suspended from trade preferences in 1997 due to labour rights violations. Although garments are not Myanmar's largest export product, they are the main manufacturing sector. The labour-intensive nature of the industry makes it an important one in terms of employment and local development. Estimates of employment in the garment industry range from a frequently quoted 550,000 to a recent estimate of nearly 730,000 (World Bank, 2018). According to the same source, 83 per cent of workers in the industry are women. Another figure often referred to by industry experts and practitioners, though the source has not been verified, is that for every garment worker there is an average of four dependent family members.

A number of factors make the garment industry in Myanmar vulnerable to the loss of preferences under the EBA, an issue that is on the agenda of industry, government and analysts given that a suspension of EBA benefits due to human rights violations has not been outruled (see World Bank, 2018).[21]

First, the EU is the destination of a very large share of garment exports. According to Comtrade data, 49% of exports under HS chapters 61 and 62 in 2017 went to the EU, followed by Japan (27%), the Republic of Korea (9%) and the United States (5%). Even Chinese and Korean companies established in Myanmar export large shares (estimates point to approximately half) of their production to Europe. Based on mirror data, garments made up over 70% of exports to the EU that year.

Second, the structure of the industry and the activities undertaken in the country make companies relatively footloose. The industry consists mainly of "Cutting, Making and Packaging" (CMP) with imported fabric. There are few upstream linkages and sunk costs are relatively low. Production is done through a combination of factories owned by foreign brands and mostly foreign-owned contract manufacturers, operating on very low profit margins, which could relatively easily move production to other countries. The main pull factors for investors are abundant and low cost labour and the duty-free, quota-free access to the European market. These currently compensate for constraints in skills, governance, infrastructure (including energy and transportation) and other factors which weigh negatively on decisions to produce in Myanmar. For companies to stay on after the duty-free, quota-free access to the EU market is no longer in place, these constraints need to be addressed. While graduation may not significantly affect exports of garments to China and the Republic of Korea, it would affect foreign direct investment (FDI) by those countries.

Third, the fact that the industry is limited to CMP and that fabric is mostly imported also raises doubts on the ability of Myanmar to comply with EU rules of origin in order to benefit from the standard GSP (and thereby export garments with a tariff of 9.6% as opposed to 12%). These rules require products to undergo "double transformation" as opposed to

[20] WTO Preferential Trade Arrangements database, http://ptadb.wto.org.

[21] While the procedures related to this have not advanced in the same way as in Cambodia, where the EU has triggered the procedure to temporarily suspend trade preferences, Myanmar is still in "enhanced engagement" with the EU over the issue. The uncertainty over this issue may already be impacting decisions to invest in the industry.

"single transformation" (see above). Currently, limited capacity to produce yarn and fabric within ASEAN means that Myanmar would not take advantage of regional cumulation rules that could enable it to meet the rules of origin.

Fourth, while a more mature market may be able to absorb the loss of the preference margin, in Myanmar there is currently little capacity to move to higher value-added segments of the industry and thereby absorb the impact of higher tariffs on profit margins.

Graduation could also impact Myanmar's exports of garments to Japan if the industry has difficulty complying with rules of origin, an issue that requires further analysis. In the United States, no impacts are expected as garments are not covered by the United States' LDC-specific preferences.

In addition to the impacts of LDC graduation, the future of the garment industry depends on numerous factors surrounding the industry, including changing consumer patterns and demands, technology and expected trade diversion from other regional producers. This could mean new opportunities for Myanmar, depending on how it develops its own industry (including infrastructure, upstream segments and business environment) and on developments in other markets. For example, whether or not Cambodia is suspended from the EBA* and the extent to which Ethiopia effectively emerges as an important garment producer. It is noteworthy that the largest exporters of garments under the EBA – Bangladesh, Cambodia, Myanmar, Lao PDR and Nepal – are all, albeit at different speeds, approaching graduation and will, although in some cases with a lag, face similar challenges to Myanmar in relation to the prospects of loss of the EBA preferences in the EU. Bangladesh and Lao PDR (a much smaller producer) are at the same stage as Myanmar (met the graduation criteria for the first time in 2018 and will be assessed for the second time in 2021). Nepal was assessed for the second time in 2018 but was not found by the CDP to be eligible for graduation and will be assessed again in 2021. Cambodia has not yet met the criteria for the first time but is expected to be one of the next countries to do so and, as mentioned above, is at risk of being suspended from the EBA and GSP due to human rights issues. Viet Nam is not an LDC, but is currently in the process of negotiating a bilateral agreement with the EU. An issue that warrants further analysis is how the combined graduations of Myanmar, Bangladesh, Lao PDR, Nepal and eventually Cambodia would impact the global garment industry in the context of other relevant transformations in the industry including technological and consumer trends, the prospects for RCEP, the emergence of African producers and supply-side developments, and how these countries and producers can best address these challenges.

* Like Myanmar and Bangladesh, Cambodia has been in a process of "enhanced engagement" with the EU under the EBA on the basis of the seriousness of their alleged violations of human rights and labour standards. On 12 February 2020, the EU announced its decision to withdraw part of the tariff preferences granted to Cambodia under the EBA scheme due to serious and systematic violations of the human rights principles enshrined in the International Covenant on Civil and Political Rights. The withdrawal will affect selected garment products, among others (European Commission, 2020).

Box 3 Rice and pulses

Myanmar is implementing its Agricultural Development Strategy through 5-year plans. The plan encompasses objectives in food and nutrition security, rural poverty reduction, higher incomes for smallholder farmers, trade competitiveness for agricultural products and farmers' rights. It seeks diversification and the formation of linkages to global supply chains. In this context, according to the Ministry of Agriculture, Livestock and Irrigation, there is concern on the impacts of the loss of LDC-specific preferences particularly on exports of rice and pulses.

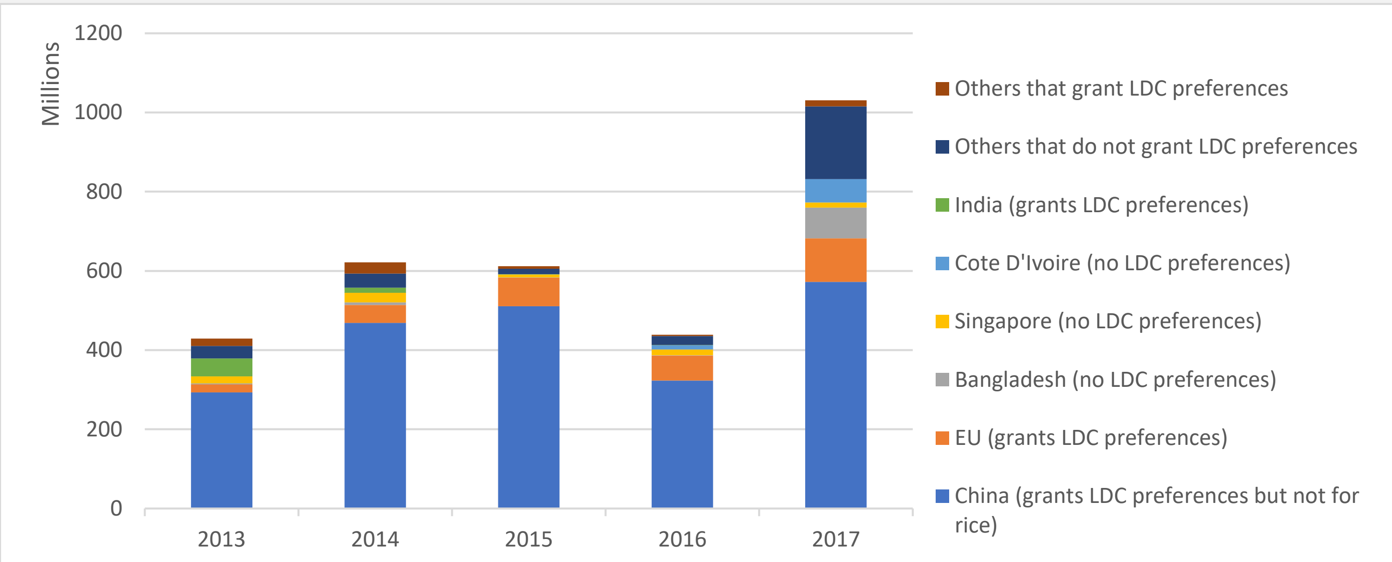
According to data from the Ministry, rice accounted for 37% of Myanmar's agricultural exports in 2017-2018. Comtrade data show China and the EU as the major markets. The Ministry also identified Japan, Indonesia and countries in Africa and the Middle East as important markets or markets of interest. Among those, Japan, the EU and China have LDC-specific preferences:

- China and Japan do not extend LDC preferences to rice, so graduation should have no impact on exports of rice to these countries.
- In the EU, as noted above, rice would be subject to the MFN tariff which, for the specific rice products most exported by Myanmar to the EU in 2017, means a tariff of between 19.3% and 28.25%. The Myanmar Rice Federation estimates that the EU represent 65 percent of total Myanmar rice exports (World Bank, 2018). Recently rice producers in the EU requested trade safeguards on rice imports from Myanmar and Cambodia. A

formal investigation was opened in March 2018 and safeguard measures were put in place for a period of three years, with duties reintroduced in January 2019 despite the EBA **(European Union, 2019)**.

Myanmar has also exported significant amounts of rice to India but these exports have fallen since then and none are recorded on Comtrade for 2017. Should Myanmar export rice to India after graduation, under today's tariff schedules, the applicable tariff for the types of rice it has exported in the past would be 80%.

Figure 5 Main destinations of Myanmar's rice exports (millions of US dollars)

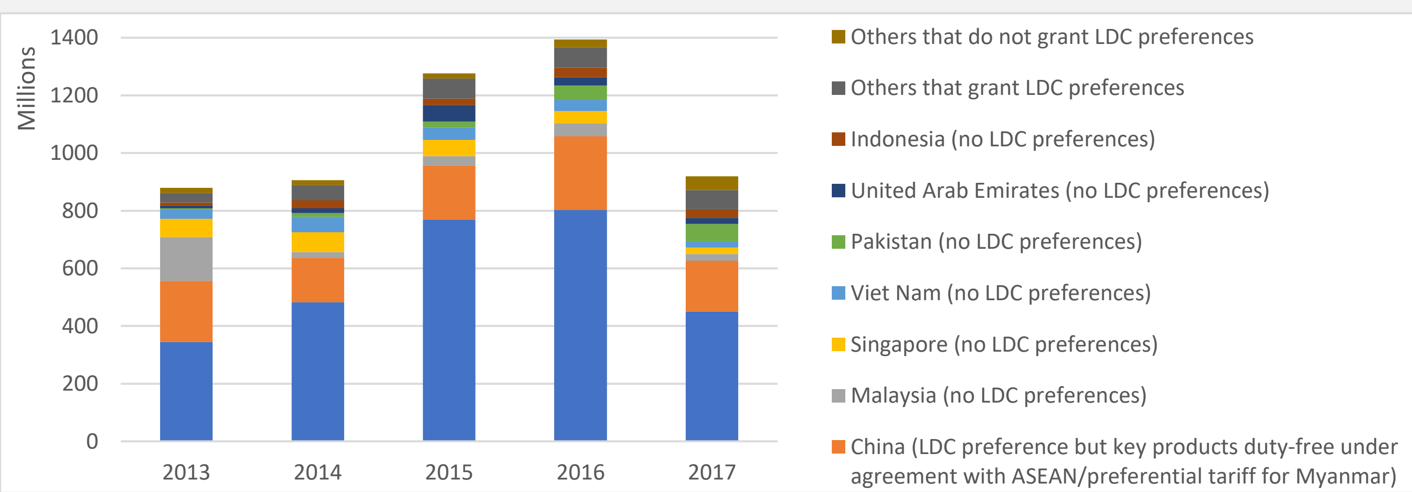


Source: UN Comtrade, extracted on December 1, 2019.

As for pulses, the main markets identified by the Ministry were India, China, Pakistan, Thailand, Indonesia, Singapore, Viet Nam, Malaysia, Bangladesh and Japan. Comtrade data for exports of products under HS 0708 and 0713 between 2013 and 2017 are shown in the figure below. Among the markets that grant LDC-specific preferences either identified as relevant by the Ministry or among the main destinations of recent exports, India, China, Thailand and Japan grant LDC-specific preferences:

- In India, the main products are duty-free also under India's agreement with ASEAN;
- In China, the main products are also duty-free under China's agreement with ASEAN or preferential tariffs for Myanmar;
- In Japan, the main product is duty-free under MFN.

Figure 6 Main destinations of Myanmar's of leguminous vegetables exports (millions of US dollars)



Source: UN Comtrade, extracted on December 1, 2019.

- Looking beyond current exports, the government of Myanmar has expressed concern that no longer having access to LDC-specific market access schemes will hamper its efforts to diversify exports, particularly of manufactured goods and agro-processing products to the EU and other markets that provide preferential market access to LDCs.

Conclusions on preferential market access for goods

- Graduation is not expected to affect market access for most of Myanmar's top exports (for example petroleum gases and the top agricultural exports) in their top destinations.
- However, graduation will affect tariffs (and in some cases rules of origin) applied to exports to some countries, particularly those in the EU, with potentially significant consequences:
  - Loss of duty-free, quota-free access to the European Union under the Everything But Arms (EBA) scheme is expected to be the most significant impact of Myanmar's graduation (assuming Myanmar does not lose access to the EBA before then considering the process of enhanced engagement with the EU). Myanmar would continue to have access to the EBA for three years after graduation, and would then automatically be included in the standard GSP. In practice, this will mean that tariffs will be applied for most (though not all) of its exports, and that Myanmar exporters will need to comply with more stringent rules of origin. The high rate of growth of exports after the reinstatement of trade preferences in 2013 and the high rate of utilisation of preferences suggest the withdrawal of the EBA will have significant impacts. The EU was Myanmar's third largest export destination in 2017 and the largest one with which Myanmar has a trade surplus.
  - Garments are the main export to the EU, and the EU is the main destination for Myanmar's garment exports. Garments are the main manufacturing export industry. A number of factors make the industry vulnerable to the loss of duty-free, quota-free market access: high levels of foreign ownership and a large share of production through contract manufacturing at very low profit margins, the fact that the industry is for the most part limited to "Cutting, Making, Packaging" (CMP), and the fact that duty-free, quota-free market access is one of the main determinants of foreign direct investment (FDI) in the industry and the sector's export competitiveness, which otherwise faces numerous supply-side challenges. Graduation will happen in the context of several other challenges and opportunities within the industry and its impacts will ultimately depend on both external factors and the development of the industry within Myanmar until the EBA is withdrawn. Estimates of employment in the garment industry (pre-Covid-19) range from 550,000 to 730,000 (World Bank, 2018). Most workers in the industry are women and there is an estimated average of four dependent family members for every worker.
  - Myanmar has a high rate of utilisation of LDC-specific preferences in Japan. Most of Myanmar's exports to Japan that are covered by LDC-specific preferences will continue to be exported duty-free under the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEPA) if rules of origin are met.
- The United States is still a relatively small market and the inclusion of Myanmar as a beneficiary in its GSP is still recent. Textiles garment and footwear are not covered by the GSP for LDCs and would therefore not be affected by graduation. Bags and leather products are the largest group of export products that may face higher tariffs.
- Together, the other markets that grant LDC-specific preferences amount to less than 1% of Myanmar's exports.
- Graduation from the LDC category is not expected to significantly affect market access for the country's services exports as there is no evidence that Myanmar has significantly benefitted from the services waiver.
- Looking beyond current exports, the government of Myanmar has expressed concern that no longer having access to LDC-specific market access schemes will hamper its efforts to diversify exports, particularly of manufactured goods and agro-processing products to the EU and other markets that provide preferential market access to LDCs.
- Further research would be helpful in determining the capacity of exporters to comply with rules of origin requirements in non-LDC specific schemes[22] and on how the combined graduations of Myanmar, Bangladesh,

[22] ITC's Rules of Origin Facilitator allows exporters to view the applicable rules of origin for different products and markets: https://findrulesoforigin.org/.

Lao PDR, Nepal and eventually Cambodia would impact the global garment industry in the context of other relevant transformations in the industry including technological and consumer trends, the prospects for RCEP, the emergence of African producers and supply-side developments, and how these countries and producers can best address these challenges. The government on Myanmar, commenting on an earlier version of this draft, expressed interest in a welfare impact analysis.

2. Preferential treatment for services and services suppliers (the services waiver)

The main LDC-specific market access preferences in services are those granted under the decision adopted by WTO Members in 2011 known as the "services waiver".[23] The decision allows WTO Members to grant to LDC services or service suppliers preferential treatment that would otherwise be inconsistent with Article II (MFN) of the GATS. In 2013, the Bali Ministerial Decision established steps to promote the operationalization of the decision. In 2014, the LDC group submitted the "LDC collective request", identifying the sectors and modes of supply of particular interest to them (S/C/W/356). The waiver is currently valid until December 31, 2030 (WT/MIN(15)/48). The WTO has received notifications from 24 Members, including the EU, indicating sectors and modes of supply where they were providing or intended to provide preferential treatment to LDC services and service suppliers.[24]

Upon graduation, Myanmar would no longer have access to preferential treatment under the services waiver unless the General Council approved a waiver specific to Myanmar. However, the practical implications and effectiveness of the waiver are unclear (UNCTAD, 2018, Mendoza et al., 2016) and relatively few of the preferences, especially in modes 1 to 3, go beyond the applied MFN regime. Research on the constraints to service exports in LDCs suggests that supply-side constraints may be more significant than the lack of preferential market access in services (Sauvé and Ward, 2016). Although Myanmar is promoting services exports, so far it has not reaped substantial tangible benefits from the waiver. Under current circumstances, therefore, graduation is not expected to have significant impacts on services exports by Myanmar.

Any requests for transition periods in the application of the services waiver would need to be the object of a consultative process with the preference-granting WTO Members.

The government of Myanmar has expressed interest in further research on how Myanmar can make the best of the services waiver before graduation.

Conclusions on preferential market access for services

No significant impacts are expected in market access for services, as there is no evidence that preferences granted under the WTO "services waiver" have benefitted Myanmar or will do so in the near future. The government of Myanmar has expressed interest in further research on how Myanmar can make the most of the services waiver before graduation..

3. Special and differential treatment and additional flexibilities (other than market access) in certain regional agreements[25]

Myanmar is part of the ASEAN Free Trade Area, and as such of the free trade agreements of ASEAN with Australia and New Zealand, India, Japan, China, the Republic of Korea.[26] Negotiations for the Regional Comprehensive Economic Partnerships (RCEP) are ongoing (see ESCAP, 2019).

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[23] Preferential Treatment to Services and Service Suppliers of Least-Developed Countries, WT/L/847, 19 December 2011.

[24] Notifications had been received from Panama, Turkey, Thailand, Uruguay, Canada, South Africa, Liechtenstein, Brazil, Iceland, Chile, India, United States, Mexico, EU, Japan, Switzerland, New Zealand, Hong Kong (China), the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Singapore, China, Republic of Korea, Norway, Australia and the EU.

[25] The United Nations Economic Commission for Asia and the Pacific (ESCAP) provided comments on this section.

[26] See the Asia-Pacific Trade and Investment Agreement Database (APTIAD) (www.unescap.org/content/aptiad/) and Asia Regional Integration Center's Free Trade Agreement Database. At the time of writing, negotiations were ongoing for the Regional Comprehensive Economic Partnership, and the following had been proposed or were under consultation and study: ASEAN-Canada FTA, ASEAN-EU Free Trade Agreement, ASEAN-Eurasian Economic Union Free Trade Agreement, ASEAN-Pakistan Free Trade Agreement, Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6) and East Asia Free Trade Area (ASEAN+3). Regarding the ASEAN-EU Free Trade Agreement, according to the EC website

In the ASEAN Free Trade Area, Myanmar benefits from special treatment but this is not tied to its LDC status. Special treatment was extended to the newer ASEAN member states, which include Cambodia, Lao PDR and Myanmar – all LDCs – but also Viet Nam which is not an LDC.

The only clause in regional agreements identified by trade partners during the course of the research for this assessment that refers to LDC status is article 18 of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), which provides that "At all stages of the determination of the causes of a dispute and of dispute settlement procedures involving newer ASEAN Member States, particular sympathetic consideration shall be given to the special situation of newer ASEAN Member States. In this regard, Parties shall exercise due restraint in raising matters under these procedures involving a least-developed country Party. If nullification or impairment is found to result from a measure taken by a least-developed country Party, a Complaining Party shall exercise due restraint regarding matters covered under Article 17 (Compensation and Suspension of Concessions or other Obligations) or other obligations pursuant to these procedures." [27] The commitment to exercise due restraint in these cases would not, in principle, apply after graduation.

Conclusions on special and differential treatment and additional flexibilities (other than market access) in certain regional agreements

Myanmar benefits from special and differential treatment under the ASEAN Free Trade Area, but this is not tied to its LDC status, so no significant impacts are expected from graduation under existing agreements. The terms applicable to Myanmar in future agreements between ASEAN and third parties would be the object of negotiations.

4. Special and differential treatment under WTO rules (other than market access)

In addition to preferential market access, LDCs are entitled to exclusive Special and Differential (S&D) treatment under the WTO agreements. This treatment, in principle, no longer applies after graduation. Graduation, however, implies no change in the concessions and commitments undertaken by the country at the WTO. Graduation does not affect eligibility for other S&D provisions, which are available to all developing countries. Furthermore, graduation has no implications for those time-bound provisions that expire before graduation.

Table 4 below outlines the expected impact of Myanmar's graduation on special and differential treatment under the WTO agreements, based on Myanmar's current situation. In summary, the impact is likely to be small. Most S&D treatment provisions for LDCs are time-bound and will have expired before Myanmar graduates; are not used by Myanmar; or are relatively limited in scope.

One potential area of impact is under the Agreement on Trade-Related Intellectual Property Rights (TRIPS). Myanmar government officials state that the relevant TRIPS legislation has been passed. Initial analysis suggests that the practical implications of graduation related to the TRIPS Agreement will be limited. Further research would help assess, among other things, potential costs of the graduation for healthcare. Furthermore, as a non-LDC, Myanmar would no longer fall under Article 24.1 of the DSU, which requires that Members exercise "due restraint" when launching disputes against LDCs, asking for compensation from or suspending concessions to LDCs.

The graduation process of Bangladesh is running in parallel to that of Myanmar. A possible implication of Bangladesh's LDC graduation for Myanmar will be that Bangladesh will no longer be eligible for a longer transition period for LDCs for certain

(http://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/), "*Negotiations for a region-to-region trade and investment agreement between the EU and ASEAN were launched in 2007 and paused by mutual agreement in 2009 to give way to a bilateral format of negotiations. These bilateral trade and investment agreements were conceived as building blocks towards a future region-to-region agreement. Negotiations with Singapore and Malaysia were launched in 2010, with Vietnam in June 2012, with Thailand in March 2013, with the Philippines in December 2015 and with Indonesia in July 2016. So far, the EU has completed negotiations for bilateral agreements with two of them (Singapore in 2014 and Vietnam in 2015) while negotiations with Thailand, Malaysia and the Philippines are currently on hold. Negotiations with Indonesia are still ongoing and are used to further deepen EU-Indonesia trade and investment relations. Bilateral Free Trade Agreements (FTAs) between the EU and ASEAN countries will serve as building blocks towards a future EU-ASEAN agreement, which remains the EU's ultimate objective. Negotiations of an investment protection agreement are also under way with Myanmar (Burma). At the regional level, the European Commission and the ASEAN Member States are undertaking a stocktaking exercise to explore the prospects towards the resumption of region-to-region negotiations. A joint EU ASEAN Working Group for the development of a Framework setting out the parameters of a future ASEAN-EU FTA gathers at a regular basis.*" (Consulted on December 19, 2019).

[27] See aanzfta.asean.org/special-and-differential-treatment.

TRIPS obligations relating to pharmaceutical patents, i.e. until 1 January 2033. This longer period is a form of S&D, which permits LDCs to produce drugs that are patented elsewhere. Myanmar imports a large number of generic drugs from Bangladesh at low cost, and, unless an extension is negotiated, availability may fall or prices rise after Bangladesh's graduation, expected in 2024. Further research would provide more clarity, including on potential costs of Myanmar's graduation for the healthcare sector, and should take into account that the "due restraint" provision under Article 24.1 of the DSU would no longer be applicable.

Graduating LDCs may request waivers at the WTO that would provide (or extend) transition periods to phase out flexibilities or phase in obligations. As the WTO is member-driven, such waivers would need to be negotiated and agreed to by members.

Table 4: Impact of graduation on special and differential treatment under WTO agreements

LDC-specific provisions	Expected impacts of graduation for Myanmar
Agreement on Trade-Related Intellectual Property Rights (TRIPS) (and subsequent agreements/decisions/measures)[i]	
General transition period: LDCs benefited from a longer general transition period than other WTO Members to implement the provisions of the TRIPS Agreement, with the exception of core provisions. LDCs were not required to comply with all provisions of the TRIPS Agreement until 1 January 2006. This transition period was extended until 1 July 2013 (IP/C/40) and then until 1 July 2021 (IP/C/64). If this deadline is not extended further, then all LDCs (including an as yet ungraduated Myanmar) would have to comply with all provisions of the TRIPS Agreement.[ii]	• Myanmar has passed the relevant TRIPS laws and is in the process of implementation. If the deadline for the general transition is extended after 2024 a graduated Myanmar would no longer benefit from this exemption. • The pharmaceutical sector is small, and the practical implications of graduation will be limited. The impact of Bangladesh's LDC graduation may be of concern to Myanmar, given Myanmar's reliance on pharmaceutical imports from that country. • Further research would provide more clarity, including on potential costs of Myanmar's graduation for the healthcare sector, and should take into account that the "due restraint" provision under Article 24.1 of the DSU would no longer be applicable.
• **Pharmaceuticals exemption: LDC WTO Members are not obliged to protect pharmaceutical patents until 1 January 2033 (TRIPS Council decision, 6 November 2015, IP/C/73). Non-LDC developing countries are obliged to provide the minimum standard of protection for pharmaceutical patents (20 years). Furthermore, countries that did not provide patent protection for pharmaceuticals at the entry into force of the WTO in 1995 had to establish a means by which applications for patents for these products could be filed and to put into place systems for granting exclusive marketing rights for these products. To complement the longer transition period for pharmaceutical products, LDC Members (until they graduate) were exempted from the obligation to provide for the possibility of filing mailbox applications and to provide exclusive marketing rights until January 2033 (General Council Decision WT/L/971).**[iii]	
Simplified rules for LDCs under compulsory licensing for pharmaceutical products: Under Article 31*bis* and Appendix to the Annex to the TRIPS Agreement, LDCs do not have to establish that they have insufficient or no manufacturing capacities in the pharmaceutical sector (for the product being imported), which is a condition to be able to import under compulsory licensing. LDCs are deemed to have met this condition .[iv]	After graduation, Myanmar would have to establish that it meets this condition to import under the system of compulsory licensing permitted under Article 31bis. **Impact is limited to the administrative cost of notification.**
Article 66.2 of the TRIPS Agreement determines that developed country Members are to provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to LDC country Members to enable them to create a sound and viable technological base.[v]	Myanmar does not benefit substantially from this measure. **Graduation will have no practical impact.**
Agreement on Subsidies and Countervailing Measures (and subsequent agreements/decisions/measures)	
The Agreement on Subsidies and Countervailing Measures (SCM) generally prohibits export subsidies. Under Article 27.2(a) and Annex VII(a), LDCs are exempt from that prohibition.[vi]	After graduation, Myanmar will no longer be able to avail itself of that flexibility. In practice however, the country has not used any such subsidies, so **graduation has no practical impact.**

Agreement on Agriculture (and subsequent agreements, decisions, measures)	
LDCs and net food importing developing countries (NFIDCs) may provide, until 2030, certain export subsidies that would otherwise not be allowed under the Agreement on Agriculture (Article 9.4, most recent extension in the Ministerial Decision on Export Competition of 19 December 2015, paragraph 8 (WT/MIN(15)/45 - WT/L/980). A country graduating from the LDC category that is not designated as an NFIDC would no longer be eligible for this measure after graduation.	Myanmar does not use agricultural export subsidies. **Graduation would have no practical impact.**
LDCs are required to report to the WTO on their use of domestic support every two years rather than annually (WTO document G/AG/2 "Notification Requirements and Formats" adopted by the Committee on Agriculture on 8 June 1995, p. 11).	Upon graduation, Myanmar would report annually. **Impact is limited to the administrative cost of reporting.**
The Nairobi Ministerial Decision on Export Competition stipulates the terms under which export financing support for certain agricultural products can be provided. LDCs, NFIDCs and nine additional members are entitled to provide longer repayment terms for the acquisition of basic foodstuffs (36 to 54 months, instead of 18 applicable to non-LDC developing countries). If a Member in these categories faces "exceptional circumstances which still preclude financing normal levels of commercial imports of basic foodstuffs and/or in accessing loans granted by multilateral and/or regional financial institutions within these timeframes, it shall have an extension of such a time-frame" (2015 Nairobi Ministerial Decision on Export Competition of 19 December 2015, WT/MIN(15)/45-WT/L/980).	Upon graduation and unless it were identified as an NFIDC, Myanmar would need to comply with the 18-month rule. Developing countries that are net importer of basic foodstuffs may request the Committee on Agriculture to include them on the list of NFIDCs. The request needs to be substantiated by relevant statistical data showing that the Member is a net importer of basic foodstuffs (see WTO document G/AG/3 for the procedures to be included in the list of NFIDC). This measure applies to limited circumstances and the treatment extended to LDCs has been extended to a number of non-LDC developing countries**. Impact is of limited scope.**
Dispute Settlement Understanding (and subsequent agreements/decisions)	
Article 24.1 of the Dispute Settlement Understanding requires that Members exercise "due restraint" when launching disputes against LDCs. Article 24.1 further states that complaining Members must exercise "due restraint" in asking for compensation or suspending concessions or other obligations when the responding party is an LDC.	Myanmar would no longer be covered by these requirements after graduation. **A first analysis suggests limited practical implications, given that the participation of LDCs in disputes has been very limited. This issue would benefit from further research, in conjunction with the assessment of other agreements potentially affected by graduation, such as TRIPs.**
LDCs can request the Director-General of the WTO or the Chairman of the Dispute Settlement Body to provide their good offices, conciliation and mediation for settling disputes (Article 24.2).	After graduation, Myanmar would no longer be able to do this. However, it would still be able to request the good offices, conciliation and mediation under Article 5. **The practical impact is expected to be limited.**
Agreement on Trade-Related Investment Measures (TRIMs)	
Annex F of the Declaration of the Sixth WTO Ministerial Conference allowed LDCs to maintain, on a temporary basis, existing measures that deviated from their obligations under the TRIMs Agreement. The provision applied to measures that were notified within a two-year period, which were then allowed to continue for another seven years. LDCs were also allowed to introduce new measures that deviated from their obligations under the TRIMs Agreement under certain conditions. All measures are to be phased out by year 2020. The transition period to eliminate measures existing at the time of the Sixth Ministerial Conference incompatible with TRIMs has expired for all LDCs. All measures incompatible with the TRIMs agreement are to be phased out by 2020.	Graduation has no impact related to these measures for LDCs graduating after 2020. **No impact expected.**
Trade Facilitation Agreement (TFA)	
LDCs were given longer notification timeframes, longer deadlines under the early warning mechanism in cases of implementation difficulties, longer time frames for implementation of certain measures and a longer grace period from dispute settlement.	Extended deadlines for LDCs with respect to the implementation of commitments under the TFA would expire before Myanmar's expected date of graduation (Article 16.2). Loss of flexibilities under the provisions of Article 18 (the Trade Facilitation Committee would, in the case of LDCs, "take action

	to facilitate the acquisition of sustainable implementation capacity" of certain measures), Article 19 (procedures for notification of capacity building needs) and Article 20 (grace period for dispute settlement for certain categories of measures) are of limited scope. **Practical impact is expected to be limited.**
Trade Policy Review Mechanism (Annex 3, as amended on 26 July 2017)	
Under this mechanism, the largest four WTO Members in terms of the share of global trade (including the EU) are reviewed every three years, the next 16 largest are reviewed every five years, and the rest of Members every seven years. LDCs may be granted a longer interval between Trade Policy Reviews.	After graduation, Myanmar's trade policies would be subject to review every seven years. The next Trade Policy Review was at the time of writing scheduled for October 2020. **Impact is limited to requiring Trade Policy Reviews at seven-year intervals.**
Understanding on the Balance-of-Payments Provisions	
Under Articles XII and XVIII of the GATT as well as the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994 (the "Balance-of-Payments Understanding"), Members may introduce import restrictions to safeguard their external financial position and balance of payments. Only LDCs may request more than two consecutive consultations under the so-called "simplified procedures". Even for LDCs, approval of simplified procedures is not assured, as WTO Members can require full consultation procedures in the case of both LDCs and other developing countries.	If Myanmar were to use this provision, it would not be able to do so more than twice consecutively under simplified procedures.

i. The TRIPS Agreement was amended through the Protocol of 6 December 2005 that entered into force on 23 January 2017. The amendment inserted a new Article 31bis into the Agreement as well as an Annex and Appendix. These provide the legal basis for WTO Members to grant special compulsory licenses exclusively for the production and export of affordable generic medicines to other members that cannot domestically produce the needed medicines in sufficient quantities for their patients.

ii. "Extension of the Transition Period Under Article 66.1 for Least Developed Country Members", Decision of the Council for Trade-Related Aspects of Intellectual Property Rights ("Council for TRIPS"). IP/C/64.

iii. Mailbox applications refer to the requirement of the TRIPS Agreement whereby WTO Members that do not yet provide product patent protection for pharmaceuticals and agricultural chemicals must establish a means by which applications of patents for these products can be filed. See WTO Glossary (https://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm).

iv. Annex to the TRIPS Agreement, paragraph 2, and Appendix.

v. Through the Decision of the General Council on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health and the Protocol Amending the TRIPS Agreement (2003) (paragraph 7) Members also undertook to cooperate in paying special attention to the transfer of technology and capacity building in the pharmaceutical sector pursuant to Article 66.2.

vi. Article 27.3 of the SCM Agreement afforded LDCs an exception from the prohibition of the so-called "local content" subsidies – i.e. subsidies granted contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods (Article 3.1(b)). This exception was available for a period of eight years, from the date of entry into force of the WTO Agreement. This period has expired and is no longer available to LDCs. It is therefore of no relevance to Myanmar's graduation.

Conclusions on special and differential treatment on obligations and flexibilities under WTO rules

Myanmar will no longer benefit from LDC-specific flexibilities under the WTO agreements. In practice, however, this is expected to be of limited consequence. Most S&D treatment provisions for LDCs under the WTO agreements are time-bound and will have expired before Myanmar graduates; are not used by Myanmar; or are limited in scope.

- LDCs are exempt from the prohibitions on export subsidies under the Agreement on Subsidies and Countervailing Measures and the Agreement on Agriculture, and graduated countries no longer benefit from those exemptions. However, Myanmar does not currently use export subsidies.
- Under the TRIPS Agreement, practical implications of graduation are expected to be limited but further research on these impacts would be useful, including on potential costs for healthcare, and taking into account that the "due restraint" provision under Article 24.1 of the Dispute Settlement Understanding (DSU) would be no longer applicable.
- Graduating LDCs may request WTO waivers providing (or extending) transition periods for phasing out flexibilities or phasing in obligations. The member-driven nature of the WTO means that such waivers would need to be

negotiated and agreed to by Members. Myanmar would need to engage actively with members, bilaterally and in WTO Committees, to obtain support for addressing graduation challenges.

5. Trade-related capacity-building, training and technical assistance

LDCs benefit from special mechanisms or priority in trade-related capacity-building, training and technical assistance. These aim to support LDCs in the fulfilment of their commitments under the WTO and to further their participation in world trade. Upon graduation and the applicable smooth transition periods (see below), Myanmar would no longer have access to these support measures:

- **Enhanced Integrated Framework (EIF):** The EIF is the only instrument for delivery of Aid for Trade specifically directed at LDCs.[28] The EIF supports LDCs through analytical work, institutional support, and productive capacity building projects.[29] The programme is supported by a multi-donor Trust Fund with contributions from 24 country donors, and its mandate currently extends to 2022. One of the key features of EIF support is the "Diagnostic Trade Integration Study" (DTIS), which encompasses constraints to trade and opportunities for pro-poor sustainable trade development and aims to provide LDCs with analytical tools for trade mainstreaming and providing a common basis for prioritization and mobilization of resources. The resources of the EIF are small compared to total Aid for Trade flows. However, the EIF plays an important enabling and catalyzing role. As mentioned above, the EIF is currently reviewing WTO agreements and market access preference erosion in relation to LDC graduation.

  EIF policy is to continue support to countries graduated from LDC status for a period of 5 years after graduation, with the exception of a Sustainability Support grant which is intended to help the government fully integrate the main functions of the EIF's support (coordination of aid for trade, trade mainstreaming, policy reform) into the government structure. The sustainability grant is provided for a period of 2 years after "Tier 1" projects (….) have been concluded, and up to a total of USD 300,000. Myanmar is still in the process of implementing Tier 1 projects, and would potentially have to forego part of the sustainability grant if it graduates before the end of the 2-year period. However, since the mandate of the EIF is currently limited to 2022, no information can be anticipated on the terms of the EIF's assistance to graduated countries after that date.

  Myanmar is one of the beneficiaries of an EIF project, in collaboration with the World Association of Investment Promotion Agencies (WAIPA), to develop capacity to attract and retain foreign and domestic investments.

- **Automatic and free access to the Advisory Centre on WTO Law (ACWL)[30]:** The Advisory Centre on WTO Law (ACWL) is an intergovernmental organization based in Geneva, created in 2001 to provide LDCs and developing countries legal advice on issues related to WTO law, WTO dispute settlement support and capacity-building on related matters. The ACWL has provided more than 200 legal opinions every year, assisted countries in over 50 disputes and conducted 17 annual courses and 13 secondment programmes. The advantage for LDCs is that those that are Members of the WTO or in the process of acceding are entitled to the ACWL's services without having to become ACWL Members and therefore without having to pay the one-off contribution to the ACWL. While LDCs are required to pay an hourly fee (the equivalent of USD 40) for support in dispute settlement cases, these fees are below the rates that are paid by non-LDC developing countries and well below market rates. The ACWL is funded by voluntary contributions from its 11 developed country members as well as from contributions of one associate member, Germany.

  Upon graduation, Myanmar would need to become a member of the ACWL to continue to use its services. To do so, it would have to make a one-time contribution of CHF 81,000. In the past, countries not otherwise entitled to the ACWL's services have become members via a one-off donor-financed contribution.

- **Standards and Trade Development Facility (STDF):** Under the Agreement on Sanitary and Phytosanitary (SPS) Measures (and subsequent agreements/decisions/measures), LDCs have priority and preferential co-financing terms under the

[28] Aid for Trade is a component of Official Development Assistance (ODA) directed specifically at helping developing countries overcome trade-related constraints. It is delivered through multiple bilateral, regional and multilateral channels.
[29] Additional information is available at http://www.enhancedif.org/en, http://www.enhancedif.org/en/funding and www.un.org/ldcportal.
[30] www.acwl.ch. This text also draws from "The Advisory Centre on WTO Law (ACWL) – Presentation at the 84th Session of the Sub-Committee on Least Developed Countries", delivered by Cherise Valles, Deputy Director, and Christian Vidal-Leon, Counsel, Geneva, 30 October 2018.

STDF[31]. After graduation, Myanmar would no longer be considered a priority country in project financing under the STDF. The STDF has a target of dedicating at least 40 per cent of total project financing to LDCs or other low-income countries. After graduation, Myanmar would have to compete with other developing countries for the portion of resources not under that target. Furthermore, LDCs and other low-income countries have lower co-financing requirements. After graduation, Myanmar would need to contribute at least 20 per cent of the requested STDF contribution to a project, up from the current 10 per cent.

- **Technical assistance and training within the WTO**: Myanmar would benefit from fewer country-specific activities per year after graduation. It would in principle no longer be eligible for support under the "Least-Developed Countries (LDCs) and Accessions Programme" (the "China Programme") which supports LDC participation in WTO decision-making (see information on travel support below).

Nonetheless, Myanmar is also supported in trade-related capacity-building by a number of different partners and instruments, including the EU under the Arise+ programme, Germany (GIZ) on improving the environment for trade and investment and promoting the integration of MSMEs into value chains, and Japan on private sector development and on customs – through channels that are not contingent on its LDC status.

Conclusions on trade-related capacity-building, training and technical assistance

After graduation and applicable smooth transition periods, access to certain trade-related capacity-building, training and technical assistance mechanisms will be restricted. Myanmar will continue to be supported by the EIF for a period of 5 years after graduation in all modalities of funding except the "Sustainability Grant". The country will have to become a member of the Advisory Centre on WTO Law, by making a one-off contribution, in order to continue to use its services. It will also have higher co-financing requirements and lower priority under the Standards and Trade Development Facility (STDF). Myanmar will benefit from fewer country-specific technical capacity and training activities by the WTO and will no longer benefit from country-specific activities under the "China Programme" at the WTO. Myanmar will continue to be supported by several partners in trade-related capacity-building, training and technical assistance through mechanisms that do not depend on LDC status.

B. Development cooperation

In addressing the expected impacts of graduation from the LDC category on development cooperation, it is important to distinguish graduation from the LDC category from other milestones such as achieving middle-income status or graduating from the concessional windows of multilateral development banks. While countries often go through these transitions at similar points in time –often referred to as "dual" or "multiple" transition – this assessment focuses on graduation from the LDC category (please refer to the Introduction). In general, development cooperation programmes – including financial and technical assistance – are neither exclusively nor primarily determined by LDC status. They are determined based on a combination of factors related to recipients´ income level and creditworthiness, needs, vulnerabilities and plans; partners´ policies and capacities; competing demands and the broader international context.

Development cooperation in Myanmar in recent years has been strongly linked to the political and economic transition started in 2011. As a recent document by the Asia Foundation (2018) states, "(a)s confidence in the scope and sincerity of the government's reform agenda increased, the international community took several steps to normalize aid relations, including significant debt forgiveness, the reentry of large, multilateral funding organizations, and the proliferation and expansion of bilateral aid programs." Debt forgiveness created space to quickly establish new concessional loans, with Japan, Asian Development Bank and the World Bank providing substantial volumes of loans, in parallel to the expansion of the presence of bilateral donors and international organizations and investment by global development trust funds such as the Global Alliance on Vaccines and Immunization (GAVI), the Global Fund to fight AIDS, Tuberculosis, and Malaria and the Global Environmental Facility. Net ODA received by Myanmar as a percentage of GNI was of 2.4% in 2017, compared to 4.6% for the LDC average (World Development Indicators, World Bank). Net ODA received as a percentage of central

[31] The Standards and Trade Development Facility (STDF) was created in 2003 (originating in a joint communique of FAO, OIE, WB, WHO, WTO at Doha Ministerial in 2001) to "increase capacity of developing countries to implement international SPS standards, guidelines and recommendations and hence ability to gain and maintain market access."

government expenditure was approximately 14% in 2017, which is comparable to Bangladesh, significantly lower than the figures for Nepal and Bhutan (approximately 25%) but also significantly higher than figures for non-LDCs such as India or Thailand (approximately 5%). Myanmar is in the process of implementing its Sustainable Development Plan, which will require significant increases in financing for capital-intensive projects. The country has been cautious regarding indebtedness and has sought public private partnerships where feasible. Currently the ratio of external debt stocks to GNI is 22%. There is general recognition that ODA will remain important for the foreseeable future.

Graduation from the LDC category is not expected to trigger a significant withdrawal of ODA. Graduation could lead to changes in some forms of assistance and will lead, in some cases after a "smooth transition" period, to the withdrawal of the limited number of facilities that are exclusively dedicated to LDCs, but expected changes are relatively small within the broad framework of bilateral and multilateral cooperation programmes, and will be assessed within the broader context of the country's needs and vulnerabilities, as well as of donors partners' priorities. Changes in the form of development cooperation may be expected in the coming years, and in fact are already in motion, which do not depend on LDC graduation but on other factors, including Myanmar reaching the development milestones taken into consideration by each development partner and these partners' policies and strategic priorities.

Section B.1 provides a closer look at the expected impacts of graduation on the assistance provided by Myanmar's main partners. Section B.2 refers to LDC-specific assistance mechanisms.

1. Cooperation programmes of major partners

Given the expected timeframe for Myanmar's graduation (not before 2024), most development cooperation programmes for the period after graduation are yet to be elaborated and agreed upon. The following are general prospects based on information available at the time of writing, collected from official documents, studies, and in some cases responses to a formal request for information by the United Nations Department of Economic and Social Affairs and interviews with representatives of development partners conducted in Myanmar in November 2019. The government will need to engage directly with development partners in due time for more precise information on prospects.

There is no single consolidated and complete source of information on ODA flows and South-South cooperation that encompasses all development partners. Myanmar's government publishes data on international assistance in the Mohinga Aid Information Management System (AIMS).[32] The OECD's Creditor Reporting System (CRS) provides information on flows from its members and others who report to the OECD. Although, given each of their purposes and methodologies, neither provides a fully complete and consistent dataset, together they provide a picture of who the major donors are (see tables II.1 and II.2 in the Annex for a reference). China does not report to the OECD and does not report loans to the Mohinga, but is known to be an important development partner. Grants alone were estimated to be at least 287 million dollars between 2014 and 2019 (Mohinga; see also Asia Foundation, 2018).

Among the major bilateral partners in the OECD[33]:

- Japan.[34] Japan has been Myanmar's largest bilateral donor among OECD DAC countries in recent years and has a long history of engagement in the country (Asia Foundation, 2018). Considering the period from 2008 to 2017, Myanmar was the fourth largest destination of Japanese ODA, after India, Viet Nam and Indonesia (none of which are LDCs). Although sizable loans have been extended since 2013, according to OECD data, most assistance is still in the form of

[32] https://mohinga.info/en/

[33] It is important to note that according to the OECD's policies, all low- and middle-income (lower middle-income, upper middle-income) countries, based the World Bank classification, are eligible for ODA, with the exception of G8 members, EU members and countries with a firm date for entry into the EU. Graduation from ODA eligibility occurs when a country is found to have exceeded the high-income threshold for three consecutive years. The high-income threshold is currently USD 12,376. The OECD Development Assistance Committee (DAC) has a number of recommendations and requirements relating to LDCs, including a higher minimum grant element for a bilateral loan to be considered ODA when it is extended to an LDC, a slightly higher discount rate used to determine the present value of future payments for purposes of definition of the grant element, and a recommended average grant element. There is also a longstanding commitment by developed countries to provide the equivalent of 0.15 to 0.20 per cent of their gross national income (GNI) in the form of ODA to LDCs. In 2018, only 4 of the 29 DAC countries fulfilled this commitment. While some countries have special policies for LDCs, decisions on ODA allocation are based on numerous factors including development cooperation policies and priorities, historical, cultural and economic ties, and the needs of recipient countries as described in this section.

[34] Response sent on May 21, 2019, by the Permanent Mission of Japan to the letter from the Under-Secretary-General for Economic and Social Affairs; interview with representative of the EU delegation in Yangon in November 2019.

grants. The government of Japan informed UNDESA that graduation from the LDC category will not affect grant aid and technical cooperation. As for loans, after graduation, new ODA loans to Myanmar would be under the terms applicable to non-LDC lower middle-income countries. Terms and conditions are revised annually, but as a reference, the Terms and Conditions of Japanese ODA Loans effective from April 1, 2019 indicate rates 25 to 60 basis points higher for non-LDC lower middle-income countries than for LDCs (for more information, see JICA, 2019).

- Germany.[35] Germany's ODA to Myanmar has been in the form of grants since the resumption of bilateral development cooperation in 2012. Germany informed UNDESA that, based on Germany's global policies, a shift from grants to soft loans could be anticipated in bilateral financial cooperation provided through the Federal Ministry for Economic Cooperation and Development (BMZ). After graduation, financial cooperation would in principle be in the form of loans with conditions based on the World Bank classification (IDA and/or IBRD), though exceptions may apply. Support in certain areas (e.g. social infrastructure, nature conservation, gender) may continue to be in grant form.
- United Kingdom. The United Kingdom's cooperation with Myanmar is not expected to be affected by graduation from the LDC category. The Department for International Development (DFID) considers a number of factors in the allocation of resources, but whether or not a country is classified as an LDC is not a determinant factor. As Myanmar develops, a gradual change in the nature of assistance can be expected.
- France. No major changes are foreseen in assistance to Myanmar as a direct result of graduation. France has higher targets for the share of grants they give to LDCs than to other developing countries. The country aims to provide 64% of their aid to LDCs in the form of grants, as opposed to 51% for non-LDC lower-middle income countries. However, for each individual country, the decision on the amounts and forms of aid are defined based on numerous criteria and graduation in and of itself is not expected to lead to significant changes. Other factors including French priorities in development cooperation and the political context are likely to have greater weight on the decision to allocate aid.
- United States. No major changes are foreseen in development assistance as a direct result of graduation, as belonging to the LDC category is not a significant determinant of aid allocation by USAID.
- European Union Institutions.[36] The country's LDC graduation could be one factor considered among many others in future development plans, but not a determinant. Factors include the country's political situation, trade relations and the strategic priorities set by the European Union for its global cooperation programmes. Myanmar's transition to democracy is an important determinant for the allocation of aid. The EU noted, in its response to a query by UNDESA on the impacts of graduation, that Myanmar would soon face the challenges of no longer being eligible for certain kinds of multilateral assistance, such as that from the World Bank. As clarified below, this is independent of LDC graduation. The EU also noted that, due to Myanmar's small revenue base (the country has one of the lowest fiscal revenue to GDP ratios in the world), ODA would remain critical to ensure the delivery of public services and investments.
- Australia.[37] Australia informed UNDESA that "the level of and priorities for Australia's bilateral development assistance to (…) Myanmar are not determined by LDC status" and that "Australia would consider LDC graduation among a range of factors in developing future Aid Investment Plans and associated funding allocations for each country". Regional development programs would be unaffected by LDC graduation. Australia recognizes that despite progress towards graduation, Myanmar "will continue to require sustained development assistance and investment beyond 2021 to help address ongoing high poverty levels and substantial economic and governance challenges. Australia will remain engaged in (…) Myanmar regardless of potential LDC graduation and encourages other donors to do likewise."
- Republic of Korea. In 2017 Myanmar was the second largest recipient of the Republic of Korea's bilateral ODA, after Viet Nam. That year it received 35.6 million dollars in grants and 39.1 in ODA loans (EDCF, 2018). LDC graduation is not expected to substantially influence ODA grants provided by the Republic of Korea through the Korean International Cooperation Agency (Koica). The Economic Development Cooperation Fund of Korea, administered by the Export-

[35] E-mail in response to the letter from the Under-Secretary-General for Economic and Social Affairs, May 14, 2019. See also the website of the Federal Ministry for Economic Cooperation and Development "Since 1978, funds have been accorded to the least developed countries (LDCs) in the form of non-repayable grants (financial contributions). Developing countries granted specially favourable lending terms by the World Bank as a result of their low per capita income are accorded German Financial Cooperation loans on the same terms." Currently, loans are made available at an interest rate of 0.75 per cent over a 38-year period, including a 6-year grace period. All other partner countries are granted loans over a 30-year period, at a rate of interest of 2 per cent, and are not required to begin repayment for the first 10 years.

[36] Response sent by the EU to the letter from the Under-Secretary-General for Economic and Social Affairs and interview with representative of the EU delegation in Myanmar.

[37] Response to the letter from the Under-Secretary-General for Economic and Social Affairs, July 26, 2019.

Import Bank of Korea and the Ministry of Strategy and Finance, provides concessional loans developing countries, among which LDCs, to facilitate their industrial development and economic stability. The LDCs are the group receiving the most favourable terms (interest rates and repayment periods). Upon graduation, Myanmar would still qualify for loans under the EDCF, but would in principle pay higher (while still concessional) interest rates and have shorter repayment periods. Myanmar received new loans in 2018 for improvement of gas transmission efficiency and for supporting infrastructure in the Korea-Myanmar Industrial Complex.[38] According to the Fund's 2018 Annual Report, in line with the Korean government's "New Southern Policy", aid to Myanmar, as well as to other Asian and African countries with a high potential for economic cooperation with Korea, has increased substantially in recent years (EDCF, 2018).

- New Zealand.[39] New Zealand informed UNDESA that "given ongoing development challenges, (it) will continue to provide ODA to Myanmar beyond LDC graduation."
- Norway.[40] The government of Norway informed UNDESA that "Myanmar is categorised as one of Norway's priority partner countries. And that "(c)urrent Norwegian development assistance strategies and plans have been established regardless of Myanmar's (…) status as LDCs. Norway's development assistance does not depend on countries' LDC status. Norway provides bilateral assistance in the form of grants, not loans. Norway channels an increasing proportion of the development assistance through multilateral organizations and funds, partly as unearmarked core funding and partly as project and programme funding. The project and programme funding is generally not affected by countries' graduation from the LDC category. Other factors are likely to have greater impact, such as governance and human rights. In a longer term perspective, graduation to higher levels may lead to less assistance since LDCs, in general, are given higher priority than more affluent countries."

Regarding cooperation between Myanmar and its neighbours:

- Thailand. According to the Asia Foundation (2018), development assistance from Thailand is provided through the Neighboring Countries Economic Development Cooperation Agency (NEDA) and, to a smaller degree, through projects undertaken by the Thailand International Cooperation Agency (TICA). The primary focus of Thai assistance is on transportation and energy in border areas. There is no indication that LDC status has any influence on cooperation between Thailand and Myanmar, which is not expected to be affected by graduation.
- China. While changes in China's development cooperation with Myanmar after graduation cannot be excluded, there is no indication that LDC status has so far been a significant determinant of cooperation between the two countries. Loans from China to Myanmar in recent years have been very significant. The IMF estimates that Myanmar's debt to China in 2015/16 was of 4.3 billion dollars (including loans from financial institutions) (Asia Foundation, 2018). A large share of new loans are being provided in the context of the Belt and Road Initiative.
- India. Myanmar is only one of three countries for which India has a comprehensive aid and development assistance programme. This consists of both loans and grants. Loans have been focused on large-scale infrastructure development, capacity-building, health and the modernization of infrastructure (Asia Foundation, 2018). There is no indication that cooperation between India and Myanmar is based on LDC status.

Multilateral development banks:

- International Development Association (IDA), World Bank Group. So far, Myanmar has received funding from the World Bank Group through the IDA. Eligibility for the IDA is independent of LDC status. It depends on per capita income, risk of debt distress and creditworthiness for International Bank for Reconstruction and Development (IBRD) borrowing. When a country's income exceeds an operational cutoff level of income for more than two consecutive years, IDA

[38] From EDCF's 2018 Annual Report: "(…) Korea and Myanmar agreed on the necessity of industrial complexes to improve economic infrastructure in the Joint Commission for Economic Cooperation held in June 2013. In August 2015, Korea-Myanmar Industrial Complex (KMIC) was launched through the KSP policy consultation supported by Korea Eximbank, Korea Research Institute for Human Settlements (KRIHS), and Korea Land and Housing Corporation (LH). This industrial complex is projected to be built in Nyaung Hna Pin, Yangon, by 2024. In September 2015, LH and the Ministry of Construction of Myanmar requested EDCF to finance the formation of a joint venture company for development of the industrial complex and the construction of surrounding infrastructures. The industrial complex project is expected to contribute to job creation, technology transfer, export diversification, along with local industry growth triggered by foreign direct investment, and will ultimately lead to sustainable economic development across the country."

[39] Response sent on June 4, 2019, by the New Zealand Ministry of Foreign Affairs and Trade to the letter from the Under-Secretary-General for Economic and Social Affairs.

[40] Response sent on 15 May, 2019, by the Permanent Mission of Norway to the United Nations to the letter from the Under-Secretary-General for Economic and Social Affairs.

countries progress to IDA 'gap' status and receives IDA financing on blend terms, unless it is classified as a Small State Economy (not Myanmar's case). The operational cutoff for IDA eligibility for fiscal year 2019 is a 2017 GNI per capita of $1,145 using Atlas methodology. Myanmar is currently a gap country and no longer receives grants. This is unrelated to graduation from the LDC category.

- Asian Development Bank (ADB). The ADB adopts a similar system as the IDA, based on income and creditworthiness, to determine eligibility for concessional finance, including for its Special Funds, but it includes LDC membership as a factor in its matrix of classification for concessional financing. As summarized in Table 5, countries such as Myanmar that are above a certain income per capita threshold and are considered to lack creditworthiness could go from receiving concessional assistance only (Group A) to a blend of concessional and regular market-based ordinary capital resources (OCR) loans (Group B), unless they are still considered LDCs, as shown in Table 5 (ADB, 2019). Within each group, many factors, including debt sustainability, influence the exact forms of assistance delivered and the shares of concessional and non-concessional financing. It is important to note that reclassification across these groups is not a mechanical process. Variations in country circumstances require consideration on a case-by-case basis and any reclassification has to be approved by the Board.

Table 5: Asian Development Bank's Decision Matrix of Classification for Concessional Financing

Creditworthiness for regular OCR loans or market-based resources	Per Capita GNI Cutoff		
	Below the per capita GNI cutoff	Above the per capita GNI cutoff	
		LDC	Other
Lack of	Concessional assistance only (Group A)	Concessional assistance only (Group A) **(Myanmar before graduation)**	OCR blend (Group B) **(Myanmar after graduation)**
Limited	OCR blend (Group B)	OCR blend (Group B)	OCR blend (Group B)
Adequate	OCR blend (Group B)	OCR blend (Group B)	Regular OCR-only (Group C)

Source: adapted from Asian Development Bank, 2019

Currently Myanmar is classified as a Group A country, receiving concessional assistance only. Because Myanmar exceeds the GNI per capita cutoff threshold, when it graduates from the LDC category, it could become a Group B country, receiving a blend of concessional and regular OCR loans. The differences in terms of lending between the two groups are summarized in Table 6 and are considered relatively small. Moving to Group B does not affect the allocation of concessional loans (only the maturity and interest rate) and opens the possibility of applying for additional, semi-concessional, regular OCR loans as long as indebtedness is not considered too high, an issue taken into account in country partnership and programming consultations. For Group A, this is usually only possible for private sector operations and projects that generate sufficient foreign exchange.

Table 6: ADB lending windows and terms

Group A – Concessional lending	Group B – Concessional lending	Regular Ordinary Capital Resources (OCR) (Groups B and C)
- Maturity of 32 years, including 8-year grace period. - Interest rate of 1% during grace period and 1.5% during amortization.	- Maturity of 25 years, including 5-year grace period - Interest rate of 2% throughout the loan period	- Greater flexibility to borrow - Floating base rate[a] + spread of 50bp + maturity premium of 0-20bp + funding cost margin[b] - Commitment charge of 0.15% on undisbursed balance - Flexible options for maturity, interest rate and currency

Source: adapted from Asian Development Bank, "Financial Products: Public Sector Financing", https://www.adb.org/site/public-sector-financing/financial-products and " Overview of LIBOR-based Loans: Sovereign and Sovereign-Guaranteed Borrowers", https://www.adb.org/documents/overview-libor-based-loans-sovereign-and-sovereign-guaranteed-borrowers

[a] Base rate refers to 6-month London Interbank Offered Rate (LIBOR) for USD and Yen and 6-month EURIBOR for euro-denominated loans, or a recognized floating rate benchmark for other currencies.

[b] Funding cost margin refers to the rebate (or surcharge) applied following the principle of automatic cost passthrough pricing. A surcharge could arise if ADB's funding cost is above 6-month LIBOR, but as ADB generally funds loans at lower than 6-month LIBOR, there is generally a rebate, currently at

1bp for USD and 58bp for Yen. Rebates and surcharges on funding cost margin are calculated twice a year, unlike the spread and the maturity premium which are fixed for the life of the loan.

It is worth noting that if a country is assessed by the World Bank and the IMF to be at moderate or high risk of debt distress or to be in debt distress under the debt sustainability framework for low-income countries[41], it remains classified as a Group A country even when it is no longer an LDC. It is also worth noting that a country of Myanmar's income level that is considered to be of limited creditworthiness becomes a Group B country if it comes to be considered to be of limited (as opposed to lacking) creditworthiness, regardless of LDC graduation.

In summary, LDC graduation is expected to lead to small changes in the terms of concessional lending for Myanmar by the ADB and to open the possibility of raising additional financing from regular OCR, if certain criteria are met.

United Nations system organizations[42]:

UN assistance to Myanmar is not contingent on LDC status, and graduation is not expected to have major consequences. United Nations system organizations provide assistance in the country under a wide range of modalities in their respective issue areas, responding to the country's specific needs and vulnerabilities.

The following entities anticipate no impacts of the graduation of Myanmar on their assistance:

- UNICEF: While UNICEF has a board-recommended threshold of the share of core resources that should be dedicated to LDCs, these core resources are allocated based on a system that provides higher weight to countries with the lowest GNI per capita, highest under-five mortality rate and largest child population. This results in LDCs being naturally the greatest beneficiaries, but also means that graduation itself does not affect the amount of resources allocated to a country.
- World Food Programme (WFP): WFP does not expect any changes in the nature of assistance of in the volume of resources to be dedicated to Myanmar due to graduation.
- World Health Organization (WHO): WHO's assistance is based on the disease burden. WHO does not foresee major changes in the support it provides to Myanmar.
- UN Office on Drugs and Crime (UNODC): LDC status does not affect assistance provided by the UNODC.
- International Telecommunications Union (ITU): ITU foresees no changes in support to Myanmar.
- United Nations Office for Disaster Risk Reduction (UNDRR): No change is anticipated in the level of technical assistance of volume of resources that UNDRR's Regional Office for Asia and the Pacific will provide to Myanmar after graduation. UNDRR considers Myanmar to be at a high level of disaster risk, vulnerable and exposed to disasters and the impacts of climate change, and with limited institutional capacity to manage and reduce disaster risk, and will therefore continue to provide technical assistance based on the country's needs. Myanmar will remain a priority for UNDRR and will continue receiving funding for training, capacity-building and others.
- United Nations Industrial Development Organization (UNIDO): UNIDO sees graduation as only a first step towards long-term development and therefore will maintain or expand the technical assistance and volume of resources provided for Myanmar's sustainable industrial development.
- United Nations Population Fund (UNFPA): based on the current strategic plan, UNFPA does not anticipate any impact of graduation on its future support of Myanmar. UNFPA bases its assistance on a number of indicators closely related to its mandate and on ability to finance, adjusted by inequality. Currently, Myanmar is considered a "high need" country.

Possible changes in UN assistance are expected to be relatively small and include the following:

- UNDP is required by its Executive Board to dedicate a share of its regular budget (core) programmatic resources to LDCs. Graduation could potentially affect a portion of the core resources dedicated to the country in the subsequent

[41] Despite its title, the framework is applied also to countries that are not necessarily low-income countries but are not in the category of market access countries (MAC), that typically have significant access to international capital markets.
[42] Information in this section is extracted from responses to specific queries made by the CDP Secretariat to UN entities, and in some cases interviews with the country office in Yangon.

UNDP integrated budget cycle, although the extent of the impact after 2024 is currently difficult to anticipate at this time. Any impact would also take into consideration factors other than LDC status, including the country's needs and UNDP's overall funding. If graduation happened today, 28 million of a total of 33 million dollars in budget allocation would not be affected. Part of the remaining 5 million could be affected, depending on the other relevant factors.

- United Nations Capital Development Fund (UNCDF): UNCDF, which works mostly on inclusive finance and local development finance, is mandated to support the LDCs "first and foremost", but not exclusively (UNCDF, 2018). As per its 2018-2020 global Strategic Framework, UNCDF support for smooth transition will be based on demand; will assure that relevant existing programmes can proceed through to completion; and will be time-bound, to follow a '3+2' approach. This would see programmes funded as they were prior to graduation for an initial three years. Assuming continued development progress, funding for the remaining two years of support would be sought from government or third-party cost-sharing on a 50/50 basis. LDCs are a priority for UNCDF but the organization is also engaged in other countries, including middle-income countries, where there is potential for South-South exchanges and learning and for demonstration purposes.
- Universal Postal Union (UPU): UPU indicated that after graduation Myanmar would no longer have access to a 4-year plan of CHF 60,000 for technical assistance activities (consultancy and training of postal agents) and procurement of equipment. It would also no longer benefit from certain types of country-specific technical assistance, but would continue to be included in all regional activities and capacity-building initiatives. UPU provides guidance for resource mobilization and donor relations to all developing countries.
- International Atomic Energy Agency (IAEA): No changes are expected in the volume of resources, capacity-building or training opportunities dedicated to Myanmar by the IAEA, which will continue to support the country through its technical cooperation programme. However, after graduation, Myanmar will need to finance 5 per cent of biannual project budgets under its Technical Cooperation Fund (TCF).
- United Nations Volunteers (UNV): Whether or not a country is in the LDC category is not a major determinant of assistance provided by UNV. UNV operations are demand driven, and the organization operates in LDCs and non-LDCs. UNV's government cost-sharing general management support fee (GMS) is set at 3 per cent minimum for LDCs and 8 per cent minimum for others for third-party cost-sharing, but a number of factors influence the actual rate, which is negotiated with the country.

Trust funds and others:

- Global Environment Facility (GEF): With the exception of the LDC Fund (see below), funding from the GEF is available for all developing countries. It cannot be excluded that graduation could affect funding by the GEF (other than the LDCF) because its System for Transparent Allocation of Resources (STAR) for the GEF's seventh replenishment period (GEF-7, 2019-2022) includes higher minimum allocation floors for LDCs than non-LDCs (see Table 7). However, actual allocation depends on multiple factors and graduation is not expected to lead to an automatic reduction of funding. No deliberations have been made for the functioning of the fund after 2022.

Table 7: Minimum allocation floors for GEF-7 and initial STAR GEF-7 allocation for Myanmar (million US$)

	Non-LDCs	LDCs	Myanmar
Biodiversity	2	3	9.84
Climate change (mitigation)	1	1.5	4.26
Land degradation	1	1.5	1.5
Aggregate	4	6	15.59

Source: GEF Secretariat. Initial GEF-7 Star Country Allocations. GEF/C.55/Inf.03, July 1, 2018
http://www.thegef.org/sites/default/files/publications/GEF-C.55-Inf.03-GEF-7-STAR.pdf

- Green Climate Fund (GCF): The GCF was set up in 2010 and, with the Paris Agreements in 2015, became the key financial instrument to meet the goals of keeping climate change below 2 degrees Celsius. It has gathered pledges of over $10 billion. The GCF prioritizes "vulnerable countries, including least developed countries (LDCs), small island developing states (SIDS) and African States" in the allocation of adaptation funds and readiness support (GCF, 2019). It is possible that Myanmar may no longer be automatically considered as part of that group (see below for information on the LDC

Fund). In practice access to funds depends to a large extent on capacity to elaborate projects meeting fund requirements.

- GAVI, the Vaccine Alliance: Countries are eligible to apply for GAVI support when their Gross National Income (GNI) per capita has below or equal to US$ 1,580 on average over the past three years (according to World Bank data published every year on 1 July) and must meet certain conditions, assessed by an independent group of experts. When criteria are met, countries enter a transition phase. According to GAVI's 2018 Progress Report, Myanmar is currently in a stage of preparatory transition and is projected to the accelerated transition phase in 2024, towards full self-financing a few years after that (GAVI, 2018, 2019). This is independent of LDC graduation.
- Global Fund: Graduation from the LDC category does not affect eligibility for the Global Fund, which mobilizes and invests funds aiming at ending AIDS, tuberculosis and malaria as epidemics. Eligibility is based on GNI and an official disease burden index. The Global Fund also requires that country coordinating mechanisms have certain governance standards and procedures in place and that the country have eligible programs. LDC graduation is not a factor. Myanmar is currently on the eligibility list and is considered to have a high disease burden (Global Fund, 2019).[43]

2. LDC-specific instruments

Certain instruments have been formulated specifically for LDCs. After graduation (and in some cases smooth transition periods), Myanmar would no longer have access to these instruments. In addition to the trade-related capacity building, training and technical assistance mechanisms addressed above:

a) LDC Fund for climate change

After graduating from the LDC category, Myanmar would no longer have access to the support mechanisms that have been put in place specifically for LDCs to address climate change-related challenges.[44] In particular, Myanmar would no longer be able to access new funding from the Least Developed Countries Fund (LDCF), though projects approved before graduation would be financed until their completion.

Disbursements under the LDCF follow a principle of "equitable access" for LDC Parties. There are caps on the amount of funds a single country can receive during a replenishment period ("access cap" of 10 million dollars for the current GEF replenishment period, GEF-7) and cumulatively (cumulative ceiling of 50 million dollars). By October 2019, Myanmar had received or been granted approval for 30.17 million dollars under the LDCF, meeting the access cap for GEF-7. Its balance under the cumulative cap was 19.83 million dollars (GEF, 2019a, 2019b).

Practice regarding graduating countries to date has been as follows: (a) If a country is classified as an LDC at the time of the approval of the Project Identification Form (PIF) by the LDCF/SCCF Council following technical clearance by the GEF Secretariat, the project is eligible to receive LDCF support; (b) Projects already approved by the LDCF/SCCF Council prior to a country's graduation continue to be supported with agreed LDCF resources until completion (GEF, 2019c).

After graduation, Myanmar would continue to have access to the Special Climate Change Fund (SCCF), the Adaptation Fund and, more significantly, the Green Climate Fund (GCF) (see above for the latter). The SCCF is open to all vulnerable developing countries and currently has a portfolio of over $350 million. The Adaptation Fund was established under the Kyoto Protocol and since 2010 has committed US$ 564 million to climate adaptation and resilience activities, including supporting 84 concrete adaptation projects.

b) Technology Bank for the LDCs (TBLDC)

The Programme of Action for the Least Developed Countries for the Decade 2011-2020 (Istanbul Programme of Action or IPOA) called for the establishment of a "Technology Bank and Science, Technology and Information supporting mechanism, dedicated to least developed countries which would help improve least developed countries' scientific research and

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[43] See information on eligibility and transition at https://www.theglobalfund.org/en/funding-model/before-applying/eligibility/, https://www.theglobalfund.org/en/country-coordinating-mechanism/eligibility/, and 2019 Eligibility List, https://www.theglobalfund.org/media/8340/core_eligiblecountries2019_list_en.pdf.

[44] UNFCCC Least Developed Countries Portal (https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/ldc-portal) and UNFCCC, Subsidiary Body for Implementation, Forty-eighth session, Bonn, 30 April to 10 May 2018, Item 12 of the provisional agenda, "Matters relating to the least developed countries", FCCC/SBI/2018/8. See also the Decision on the Least developed countries work programme adopted at COP 24 (December 2018).

innovation base, promote networking among researchers and research institutions, help least developed countries access and utilize critical technologies, and draw together bilateral initiatives and support by multilateral institutions and the private sector, building on the existing international initiatives." The full operationalization of the Technology Bank for the LDCs was part of target 17.8 of the Sustainable Development Goals. The Technology Bank for the LDCs was established by the General Assembly in December 2015.[45] Its premises were officially inaugurated in June 2018 in Gebze, Turkey. The Technology Bank will implement projects and activities in the LDCs and serve as a knowledge hub connecting LDCs' Science, Technology and Innovation (STI) needs, available resources, and actors who can respond to these needs. After graduation from the LDC category, Myanmar would continue to have access to the LDC Technology Bank for a period of five years.

c) Investment Support Programme for LDCs (ISP/LDCs)

The Investment Support Programme for LDCs, established in 2018, provides on-demand legal and professional assistance to LDC governments and eligible state-owned or private sector entities for investment-related negotiations and dispute settlement.[46] The programme works with legal experts who provide *pro bono* or reduced fee services to LDCs in the negotiation of investment contracts and agreements and investment-related dispute resolution, and provides training and capacity-building support. The programme was developed by the United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) in cooperation with the International Development Law Organization (IDLO) and is not operative as an IDLO programme. Myanmar would have access to the programme for up to five years after the date of graduation.

Conclusions on development cooperation

Graduation from the LDC category is expected to have only limited impacts. LDC graduation is not expected to affect assistance by the World Bank, most United Nations system entities, GAVI - the Vaccine Alliance, the Global Fund, and most official development assistance (ODA) received from OECD-DAC Members (including ODA from the United Kingdom, France, the United States, the European Union, Australia, New Zealand and Norway and grants from the Republic of Korea and Japan). There is no indication that LDC status is a significant factor in South-South cooperation, including cooperation with regional partners such as China, India and Thailand.

Graduation could trigger relatively small changes in some forms of assistance delivered by a limited number of countries and organizations, in some cases after a smooth transition period. These include a possible reclassification among lending groups by the ADB (reclassification is considered on a case-by-case basis and, within each group, many factors influence the exact forms of assistance delivered and the shares of concessional and non-concessional financing); slightly less favourable terms on concessional loans by Japan and the Republic of Korea; a gradual shift from grants to soft loans by some OECD partners, including Germany, though grants would be maintained in certain areas; loss of access to the LDC Fund (climate change), the Technology Bank and the Investment Support Programme for LDCS; and a small reduction in the resources for country specific activities or a requirement of a higher cost-sharing contribution by a very small number of United Nations system entities.

For further analysis/action: It is important, in the context of the preparation of a transition strategy, for Myanmar to engage with partners in order to make use of the remaining periods of LDC-specific support measures strategically and to develop alternative measures adequate for the post-graduation stage.

[45] General Assembly Resolution 71/251.

[46] Information at https://www.idlo.int/Investment-Support-Programme-LDCs.

C. Support to the participation of Myanmar in international organizations and processes

LDCs benefit from support to participate in international organizations and processes through caps and discounts on contributions to budgets, support for travel to international meetings and others.

1. Caps and discounts on the contribution of LDCs to the United Nations system budgets

LDCs benefit from caps and discounts on their contributions to the budgets of United Nations System entities. There are two main methods for determining each Member States' contributions to these budgets and LDC contributions:

- Most of the United Nations system budgets are based on the "scale of assessments" (i.e. the percentages of the budget that each country is responsible for) used for the United Nations regular budget. The scale is determined based on capacity to pay, translated into indicators of gross national income, debt-burden, and per capita income, among others. There is a maximum rate of contribution applicable to all countries (currently 22 per cent), but LDCs benefit from a much lower maximum rate (currently 0.01 per cent). Most of the United Nations system budgets are based on the "scale of assessments" (i.e. the percentages of the budget that each country is responsible for) used for the United Nations regular budget. The scale is determined based on capacity to pay, translated into indicators of gross national income, debt-burden, and per capita income, among others. There is a maximum rate of contribution applicable to all countries (currently 22 per cent), but LDCs benefit from a much lower maximum rate (currently 0.01 per cent). The peace-keeping budget is based on the same scale, with discounts applying to countries at different levels of income. LDCs are entitled to the greatest discount.
- A small number of agencies (ITU, WIPO, UPU) use a system based on classes of contributions. Each class of contribution corresponds to a certain share (or multiple) of a pre-determined unit of contribution. Countries decide which class they will belong to (and therefore how much they will contribute) but only LDCs (can opt to contribute at the lowest levels).

Contributions to funds and programmes, such as UNICEF and UNDP, are voluntary. Contributions to the WTO are determined based on members' share of international trade with no concessions specifically for LDCs.

The impacts of graduation depend on the budgets of each organization and on the rate that would be applied after graduation, which is calculated based on indicators of capacity to pay (share in world GNI, debt, per capita income). Table 8 provides, for the organizations that have LDC-specific concessions, the rules determining contributions and an estimate of the how much higher the mandatory contributions of Myanmar would be if it were not an LDC in 2020. A precise calculation would require exact information on budgets and the applicable rate for Myanmar at the time of graduation. According to current rates of assessment and budgets, the difference in 2020 would be of approximately 1.2 million dollars.[47]

One organization in which contributions would rise significantly is the ITU. The ITU Council can authorize a graduated country to continue to contribute at the lowest classes, and all LDCs that have graduated since 2007 continue to do so. Graduation would not entail changes in Myanmar's contributions to the Universal Postal Union as it already contributes at a higher rate than that required for LDCs and would be able to maintain the same level of contribution after graduation.

[47] See United Nations, Report of the Committee on Contributions, Seventy-eighth session (4-29 June 2018). General Assembly Official Records Seventy-third Session, Supplement No. 11, A/73/11

Table 8 Expected changes in contributions to UN system budgets after graduation*

Entity/ operation	Rules	After graduation
Regular budget	A scale of assessments is determined every three years in a resolution of the General Assembly, based on indicators of gross national income, debt-burden, and per capita income, among others that reflect capacity to pay. Each Member State is assigned a percentage (the assessment rate), corresponding to the share of the regular budget its contribution will amount to. The minimum assessment rate is 0.001 per cent. The maximum is 22 per cent but for LDCs it is 0.01 per cent.	The 0.01 per cent cap no longer applies. If graduation happened today, the applied rate of contribution for Myanmar would be 0.023 per cent which, based on the 2019 budget, would mean an increase in contributions of the order of 400,000 dollars per year.
Peacekeeping operations	Based on the scale of assessments for the regular budget, adjusted by a premium for permanent members of the Security Council and discounts in the case of all countries with per capita gross national product below the Member State average. Member States are grouped into levels based on per capita GNI, with larger discounts applying for the levels of countries with lower incomes. LDCs are entitled to the greatest discount, of 90 per cent.	The applicable discount rate for Myanmar would be reduced to 80 per cent. Applied to the 2017-2018 budget, this would mean an increase in contributions of the order of 235,000 dollars a year.
CTBTO, FAO, IAEA[48], ICC, ILO, IOM, UNESCO, UNIDO, WMO, WHO, ISA, ITLOS, OPCW, UNFCCC	Based on the scale of assessments used for the United Nations regular budget, in some cases adjusted for more restricted membership by the application of a coefficient. LDC rules are the same as for the regular budget. UNIDO, one of the entities that adjusts the scale by a coefficient due to more restricted membership, does not apply this coefficient to LDCs whose rate may exceed 0.01 per cent.	The 0.01 per cent cap no longer applies. For UNIDO, the waiver on the application of the coefficient no longer applies after graduation. The sum of expected increases in contributions for this category of countries would be of the order of 555,000 dollars.
International Telecommunications Union (ITU)	Voluntary selection of a class of contribution based on shares or multiples of an annual unit of contribution of CHF 318,000. Only LDCs can contribute 1/8 or 1/16 of a unit of contribution.	Myanmar contributes 1/8 of the unit of contribution. After graduation in principle the minimum contribution would in principle be ¼ of a unit. The ITU Council can authorize a graduated country to continue to contribute at the lowest classes, and all LDCs that have graduated since 2007 continue to do so (as of March, 2018). Without that authorization, contributions would go up by approximately 40,000 dollars a year.
World Intellectual Property Organization (WIPO)	Voluntary selection of classes of contribution, each corresponding to a share of a unit of contribution determined for every biennium. Only LDCs can contribute at the lowest level ("Ster"), with 1/32 of a unit of contribution.	Myanmar would contribute a minimum of 1/8. Contributions would go up approximately 4300 dollars a year.
Universal Postal Union (UPU)	Voluntary selection of class of contribution, each corresponding to a share (from one to 50 units) of a pre-determined unit of contribution (currently CHF 43,526). Only LDCs can contribute at ½ of a unit of contribution. Myanmar already contributes 1 unit.	Graduated countries contribute at least 1 full unit of contribution. Myanmar already contributes 1 full unit, so graduation will have no impact.

Source: Calculated by the CDP Secretariat based on United Nations Secretariat, "Assessment of Member States' advances to the Working Capital Fund for 2020 and contributions to the United Nations regular budget for 2020". ST/ADM/SER.B/1008; the Report of the Committee on Contributions on its seventy-ninth session (A/74/11). (https://undocs.org/en/A/73/11); information from each organization's website and official documents consolidated in the LDC Portal (www.un.org/ldcportal) or communications with the respective organizations.

[48] The IAEA's scale of assessments is adjusted to compensate for differences in membership between the IAEA and the United Nations and for a "shielding mechanism" for financing the safeguards portion of the regular budget. The "de-shielding" mechanism determines at which pace the Member State should, by gradual annual increases, bring their contributions to the safeguards portion of the regular budget to the base rate. LDCs are among the countries granted a longer time finalize their "de-shielding" (equaling their contributions with their base rates compared to all other Member States). Myanmar will remain in this category of countries until 2032.

2. Support for travel

Representatives of LDC governments receive travel support to participate in certain official meetings, which will no longer be available after graduation (and in some cases a transition period). [49] For example:

- Travel to the annual sessions of the General Assembly: after graduation, Myanmar would no longer benefit from this type of support. If requested, this benefit can be extended for a period of up to three years.[50] As a reference, between 2012 and 2018, Myanmar sent 5 delegates to General Assembly meetings with resources reserved for LDCs, for a total of 219,599 dollars.
- Travel of one representative to the World Health Assembly and Executive Board, provided by WHO;
- Travel of one representative to the Crime Congress (every 5 years) and the Convention Against Corruption, provided by UNODC;
- Travel of two delegates to the sessions of the subsidiary bodies of the UNFCCC and travel of three representatives for participation in sessions of the COP;
- Travel of the Minister of Industry and Commerce or equivalent to UNIDO's biennial Ministerial Conference on LDCs, and certain other forms of travel support by UNIDO;
- Travel to participate in meetings official meetings of the UPU if Myanmar became a member of any of the governing bodies (Myanmar is currently not a member of any of the governing bodies so no travel subsidies for its participation has been provided in recent years);
- Travel to attend Ministerial Conferences of the WTO.

Funding would in principle no longer be available under the China Programme at the WTO for the participation of LDC coordinators in meetings related to Aid for Trade and to the participation of LDC delegations in selected WTO meetings. Any decisions on funding under this pillar of the China Programme will be determined by the Development Division of the WTO Secretariat, in consultation with the LDC Consultative Group and China.[51]

No changes are expected, as a consequence of graduation, in travel support to meetings under several other organizations, including the IAEA; UNDP; UNICEF; UNODC funding for participation in the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice; UNDRR; and WFP.

Myanmar would continue to receive similar support for the broader group of developing countries or for other country or regional groups to which it belongs.

3. Others

Under the UNFCCC, reporting provisions and the timetable for the submission of national reports for the LDCs and SIDS are different from those for the other Parties not included in Annex I to the Convention (non-Annex I Parties). LDCs and SIDS were permitted to submit their first biennial update reports at their discretion and not required to do so by the 2014 deadline like other non-Annex I parties. While other parties must submit reports on their implementation of certain articles of the Paris Agreement, LDCs and SIDS do so at their discretion.

LDCs benefit from financial support for the operational costs of their diplomatic representations in Geneva, Switzerland, up to a limit of CHF 3000 each per month. This is in principle discontinued after graduation.

Conclusions on support for participation in international organizations and processes

Graduation will result in higher mandatory contributions by Myanmar to United Nations system budgets, including the regular budget, peacekeeping, and the budgets of two of the three agencies that adopt class-based systems of contribution (ITU and WIPO). In the past graduating countries have successfully requested an extension of the conditions applied to LDCs at the ITU.

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[49] In accordance with General Assembly resolution 1798 (XVII), as amended by resolutions 2128 (XX), 2245 (XXI), 2489 (XXIII), 2491 (XXIII), 41/176, 41/213, 42/214, section VI of 42/225, section IX of 43/217 and section XIII of 45/248.

[50] General Assembly resolution 65/286.

[51] See "Increasing participation of least-developed countries (LDCs)", https://www.wto.org/english/thewto_e/acc_e/pillar3_e.htm

Myanmar would no longer have access to LDC-specific support for travel to attend international meetings. Support for LDCs to attend the meetings of the General Assembly are available for a smooth transition period of 3 years, if requested. The country would still benefit from travel support extended to non-LDC developing countries.

Myanmar would no longer benefit from more flexible reporting requirements under the UNFCCC. It would also no longer benefit from subsidies provided by the Canton of Geneva, Switzerland, for the operational costs of its diplomatic offices.

III. Preparing for the transition

One of the purposes of this assessment is to provide the relevant stakeholders, including the government and trade and development partners, with information that can help to plan ahead for the transition out of the LDC category. A graduation transition strategy can both address the impacts of graduation and help gear efforts towards the country's longer term development goals, in the context of national priorities, strategies and plans as well as other simultaneous transition processes (for example, transition out of the World Bank's IDA), when applicable. A transition strategy should be driven by the government, drawing on support from the international community.

A graduation transition strategy can address both (i) the impacts of graduation and (ii) the country's broader development challenges and aspirations. The component of the transition strategy that addresses the impacts of graduation may include efforts to (i) use of the remaining periods of LDC-specific support measures strategically; (ii) delay any impacts when possible; (iii) conceive, assess and negotiate alternatives in critical areas; and (v) adapt to the new context. Further research would be helpful in specific areas. The table below, based on the analysis contained in this document, suggests possible measures to take into consideration when formulating this strategy.

Table 9 Possible elements of a transition strategy – addressing impacts

	Trade	Development cooperation and support for participation in international organizations and processes
Strategic use of LDC-specific support measures for the remaining eligibility period	Take advantage of the EIF and other trade-related capacity-building and technical assistance instruments that are exclusive to LDCs to address the trade-related challenges expected after graduation. Special attention should be given to the garment industry. Raise awareness and build capacity among the private sector and potential investors on the expected impacts of graduation on tariffs and rules of origin in key markets.[52] Clarity on the expected impacts may help reduce investor uncertainty in the period leading up to graduation.	Ensure full use of the maximum allocation under the LDCF before graduation. Work with the Technology Bank to secure inclusion in its activities for the remaining eligibility period. Assess whether the Investment Support Programme for LDCs can be of use for Myanmar.
Delay	If considered relevant, explore the possibility of applying for a temporary derogation from the EU rules of origin for the standard GSP (particularly in garments).[53] If considered relevant, consider engaging with WTO members to request an extension of the pharmaceuticals exemption under TRIPS beyond the date of graduation.	Work with partners to ensure that where a reduction of grants or other forms of assistance is expected, resources are secured, if necessary, to ensure continuity and avoid reversals. Request the 3-year extension of support for travel to the General Assembly meetings and, where applicable, apply for similar extensions in other organizations. Consider requesting the ITU Council to authorize Myanmar to continue to contribute to the ITU budget at the lowest rate.

[52] Tools such as the ITC's Market Access Map (www.macmap.org) and Rules of Origin Facilitator (findrulesoforigin.org) can be used by exporters, investors and potential investors to identify the precise impacts in terms of tariffs and rules of origin for their products in specific markets.
[53] See European Commission (2016), "The European Union's Rules of Origin for the Generalised System of Preferences – A Guide for Users", p. 5. https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_duties/rules_origin/preferential/guide-contents_annex_1_en.pdf.

Alternatives	Engage with EU on alternatives for the period after the smooth transition strategy of the EBA. Myanmar may become a member of the ACWL with a one-off contribution of CHF 81,000. In the past, countries not otherwise entitled to the ACWL's services have become members via a one-off donor-financed contribution.	Engage with entities such as the UNCDF in advance to secure modalities for cooperation to continue after graduation.
Adapting to the new context	Identify capacity-building needs in both sector-specific and cross-cutting issues for expanding and enhancing export capacity. Work with partners to ensure continuity, where necessary, of capacity-building in the areas currently covered by LDC-specific instruments such as the EIF.	Consider graduation as part of a broader context that may also include graduation from the concessional windows of development banks or from other forms of assistance. Ensure, in the period leading up to graduation, capacity-building in areas that are expected to require greater government involvement, such as capacity to mobilize finance for climate-related investments. While no major changes are expected in bilateral assistance by most partners, in due time, the government will need to engage directly with development partners, including the smaller partners, so as to be able to anticipate any changes and, where necessary, explore alternatives and avoid reversals of advances made under those programmes.
Further research	How the combined graduations of Myanmar, Bangladesh, Nepal, Lao PDR and Cambodia will impact the global garment industry, and policy alternatives to address this. Myanmar's ability to comply with rules of origin to take advantage of access to the EU market under the standard GSP and other markets under non-LDC-specific schemes, and identification of capacity-building needs. How the graduation of Bangladesh may affect pharmaceuticals prices in Myanmar. How Myanmar can make the best use of the services waiver prior to graduation.	

A broader transition strategy will also have to consider a wider set of issues related to trade, ODA and sustainable development policy more generally, as well as governance, transparency, rule of law, and aid effectiveness. A transition strategy should be the result of an inclusive, country-led process, supported by the United Nations system and development partners.

A number of international organizations including the UN Department of Economic and Social Affairs, the United Nations Economic and Social Commission on Asia and the Pacific (ESCAP) and UNCTAD have assigned or are in the process of assigning resources to address graduation in Myanmar. In approving project proposals and requesting assistance, the LDC focal point in the government has a key role in ensuring that projects target specific challenges and build on one another. UN system entities undertaking analysis, research, capacity-building or other efforts in regard to Myanmar's graduation should inform the Resident Coordinator's Office and the members of the inter-agency task force on graduation under the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small island Developing States (OHRLLS) in order to ensure maximum effectiveness and avoid duplication.

The Committee for Development Policy (CDP) recommended, in its report to the Economic and Social Council in 2019, in the context of other recommendations on improved assistance to graduating and graduated countries, that the United Nations Resident Coordinator organize a country-level meeting on graduation support. This meeting would be an opportunity to discuss the necessary action related to the impacts identified as well as the elements of the broader transition strategy.

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Annex I – Tables on preferential market access for goods

Table I.1 Preferential market access schemes applicable to Myanmar as an LDC and schemes applicable after graduation Myanmar's main export markets

Market (and share of Myanmar exports in 2017)	Scheme for LDCs	Schemes applicable after graduation
China (39%)	DFQF for LDCs covers 96.6% of tariff lines. Products completely manufactured in the beneficiary country with materials originating elsewhere and regulated by the 2017 Decree are considered as originating in the beneficiary country.	Duty-free treatment or preferential tariffs under the agreement with ASEAN; or MFN.
Thailand (19%)	DFQF scheme for LDCs covers 74.7% of tariff lines.	ASEAN Free Trade Area.
European Union (11%)	Everything But Arms (EBA) initiative under the Generalised System of Preferences covers 99.8% of tariff lines (excludes arms and ammunition). Rules of origin: Up to 70% of the value added of exports from LDCS can be produced abroad for the country to still benefit from preferential market access. For garments, EU rules allow for single transformation for LDC exports (e.g. from fabric to clothing). Regional cumulation is allowed.	After a 3-year smooth transition period, standard GSP or MFN. To be eligible for the Sustainable Development and Good Governance (GSP+), among other conditions, Myanmar would need to ratify the three conventions among the 27 conventions required by the EU GSP regulation which it has not yet ratified.* Rules of origin: Up to 50% of the value added of exports can be produced in other countries for the exporter to still benefit from the standard GSP. For garments, double transformation is required. Regional cumulation is allowed. The EU regulation will be revised and replaced by a new one after December 31, 2023.
Japan (7%)	LDC sub-scheme within the GSP – Enhanced duty- and quota-free market access, since 2007. Currently extended to 2021. Covers 97.9% of tariff lines. GSP rules of origin.	Preferential tariffs under the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEPA); standard GSP; or MFN. AJCEPA rules of origin.
Singapore (5%)	No LDC scheme.	No change.
India (5%)	Duty-Free Tariff Preference Scheme (DFTP) covers 94.1% of tariff lines.	Preferential tariffs under the ASEAN-India Free Trade Agreement & Economic Integration Agreement; or MFN.
Republic of Korea (2%)	DFQF scheme for LDCs covers 73% of tariff lines (another 17% are duty free under MFN)	Agreement with ASEAN; or MFN rate.
United States (2%)	GSP for Least Developed Beneficiary Developing Countries (LDBDC). Covers 82.4% of tariff lines.	Standard GSP or MFN.
Canada (0.4%)	Generalized System of Preferences Least Developed Country Tariff Programme (LDCT) since 2000. Currently extended until 2024. Covers 98.6% of tariff lines (excludes dairy and other animal products, meat, meat preparations, cereal products).	Standard GSP or MFN.
Australia (0.2%)	DFQF for LDCs since 2003, 100% coverage. LDC rules allow materials from all developing countries, Forum Island countries and Australia to count as local content. At least 25 % of the total factory or works cost of the goods must be from one or more least developed countries, with at least 25 per cent from other countries in the qualifying area.	Preferential tariffs under the ASEAN-Australia and New Zealand Free Trade Agreement; standard GSP; or MFN. Goods are considered to originate in a preference country if they are wholly obtained in that country or if the last process in the manufacture of the goods is performed in the country claiming preference and at least 50% of the total factory or works costs of the goods consists of the value of labour and/or materials of one or more developing countries within the least developed country, developing country or developing country status scheme, or Australia.
Russian Federation (0.1%)	Since 2010. Covers 37.1% of tariff lines.	
Norway (0.1%)	GSP – DFQF, since 2002. 100% coverage.+	Standard GSP or MFN.
Chile (0.1%)	DFQF for LDCs since 2014. Covers 99.5% of tariff lines (excludes cereals, sugar and milling products).	MFN.
Turkey (<0.05%)	GSP for Least Developed Countries (harmonized with the EU).	Standard GSP or MFN.
Switzerland (<0.05%)	GSP – Revised Preferential Tariffs Ordinance, since 2007. 100% coverage.	Standard GSP or MFN.
New Zealand (<0.05%)	GSP – Tariff Treatment for LDCs since 2001. 100% coverage.	Standard GSP or MFN.

Reference: CDP Secretariat based on information published on the websites of the WTO (Preferential Trade Arrangements database), secretariats of regional agreements, the Asian Development Bank's Asia Regional Integration Center Free Trade Agreement Database; UNCTAD GSP Series, and governments of preference-granting countries. For China, KPMG, "China Customs Released the Rules of Origin of Imported Goods from the Least Developed Countries" China Tax Alert Issue 8, March 2017. Export shares extracted from UN Comtrade (October 4, 2019).

* More information at trade.ec.europa.eu/tradehelp/gsp. Rules for the period after 2023 are under revision.

Table I.2 Tariffs before and after graduation – Myanmar's top exports (product-destination), 2017 (United States dollars and percentages). Includes 2-digit chapters or 4-digit sections of the Harmonized System with more than 100 million in exports in 2017.

Partner	Product code	Description	Export value, 2017 (US dollars)	% of total exports	Tariff as an LDC	Change after graduation
Thailand	2711	Petroleum gases and other gaseous hydrocarbons	1,967,264,503	14%	Duty-free under MFN (no LDC tariff)	No change
China	2711	Petroleum gases and other gaseous hydrocarbons	1,305,967,228	9%	Duty-free under MFN for products within this category exported to China by Myanmar	No change
EU*	62	Garments, non-knitted	929,811,003	7%	Duty-free under the EBA	9.6 under standard GSP (must fulfill rules of origin - see text); 12% under MFN
China	1701	Cane or beet sugar and chemically pure sucrose, in solid form	811,359,078	6%	No LDC tariff (MFN 15-50%)	No change
China	1006	Rice	572,528,549	4%	No LDC tariff (MFN or ASEAN 1-65%)	No change
Japan	62	Garments, non-knitted	552,536,158	4%	Duty-free either under either Japan GSP for LDCs, ASEAN-Japan agreement or (for 6212) MFN	No change: duty-free for members of the ASEAN free trade area or, in the case of 6216, duty-free under MFN.
India	713	Vegetables, leguminous; shelled, whether or not skinned or split, dried	449,158,731	3%	Duty-free under preferential tariff for LDCs or ASEAN-India agreement	No change (duty-free for ASEAN)
China	7103	Precious (excluding diamond) and semi-precious stone; …	343,522,467	2%	Duty-free under preferential tariff for LDCs or China-ASEAN agreement	No change (duty-free for ASEAN)
China	7202	Ferro-alloys	320,009,071	2%	Duty-free under preferential tariff for LDCs or China-ASEAN agreement	No change (duty-free for ASEAN)
China	1005	Maize (corn)	285,026,125	2%	No LDC tariff (MFN of ASEAN 1-50%)	No change
China	2710	Petroleum oils and oils from bituminous minerals, not crude; …; waste oils	278,699,790	2%	Most products duty-free under preferential tariff for LDCs or agreement with ASEAN. A small number of products are not covered by the agreement with ASEAN.	Most products continue to be exported duty-free (ASEAN). A small number of tariff lines in this section are not covered by the ASEAN agreement. MFN=6-9%
EU*	61	Garments, knitted	269,460,353	2%	Duty-free under the EBA	9.6 under standard GSP (must fulfill rules of origin - see text); 12% under MFN
Thailand	3	Fish, crustaceans, molluscs (various products at 4 digits)	253,067,276	2%	Duty-free either under preferential tariff for LDCs or ASEAN.	No change: duty-free for ASEAN
China	7403	Copper; refined and copper alloys, unwrought	233,149,837	2%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN
Republic of Korea	62	Garments, non-knitted	197,007,014	1%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN
China	3	Fish, crustaceans, molluscs (various products at 4 digits)	179,947,604	1%	Duty-free either under preferential tariff for LDCs, or China-ASEAN agreement or preferential tariff for Myanmar	No change: duty-free under China-ASEAN agreement or preferential tariff for Myanmar
China	713	Vegetables, leguminous	176,713,855	1%	Duty-free under MFN, LDC tariff or ASEAN-China agreement	No change (duty-free for ASEAN or under MFN)
China	4001	Natural rubber, balata, gutta-percha, guayule, chicle and similar gums; in primary forms or in plates, sheets or strip	159,306,263	1%	The only product in this section that is duty-free for LDCs is also duty-free under the agreement with ASEAN. The MFN rate for the others is 20%.	No change: not covered by LDC tariff or duty-free under MFN

Thailand	7403	Copper; refined and copper alloys, unwrought	136,792,918	1%	Duty-free under MFN (except for one product which is duty-free for ASEAN) (No LDC tariff).	No change
China	1207	Oil seeds and oleaginous fruits, …	124,437,988	1%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN
India	44	Wood and wood products	118,737,860	1%	Duty-free under preferential tariff for LDCs or ASEAN-India agreement	No change: duty-free for ASEAN
EU*	1006	Rice	109,798,203	1%	Duty-free under the EBA	Rice is not covered by the standard GSP. For Myanmar's main rice export to the EU under 1006 (100640 - 73% of rice exports to the EU in 2017), MFN tariff is 19.35%; for 100630 (27% in 2017), MFN is 28.25%.
Japan	64	Footwear	102,043,507	1%	Products that corresponded to 71% of 2017 exports in this section are duty-free for LDCs. Most others are subject to tariffs of under 1% (MFN). One tariff line is subject to a 25% MFN rate.	Products that corresponded to 29% of exports of footwear to Japan in 2017 are not affected (no LDC preferential tariff); products that corresponded to 68% of exports of footwear to Japan in 2017, which were entitled to the preferential tariff for LDCs, will be subject to tariffs of 2.2% or lower under the Japan-ASEAN agreement. Others (3%) will be subject to MFN rates of 21.6% to 25%.
China	807	Melons	101,012,459	1%	Duty-free either under preferential tariff for LDCs or agreement with ASEAN.	No change: duty-free for ASEAN

Sources: UN Comtrade and WITS

*The EU's preferential arrangement for LDCs (Everything But Arms) will apply for a period of three years after graduation.

Annex II – Data on development cooperation

Table II.1 Top providers of ODA (grants only) to Myanmar, commitments, according to the Mohinga Aid Information Management System, FY 2010/2011-2019/2020 (millions of US dollars)

	FY 2010/2011	FY 2011/2012	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020
Government of Japan		80.86	3,776.85	2,762.30	682.39	1,251.42	777.91	133.88	1,325.06	14.36
World Bank			480.00	235.45	230.00	501.01	227.02	319.25	0.00	
Asian Development Bank			580.47	77.88	114.81	4.00	303.86	189.88	85.00	
UK - Department for International Development	59.08	47.57	145.22	142.37	80.23	93.47	240.02	101.29	140.83	3.63
European Union	6.22	43.21	89.77	47.94	68.96	234.27	128.01	37.89	264.64	17.87
Government of Germany	0.67	8.31	32.98	468.27	51.76	74.45	114.56	48.32	65.19	27.51
U.S. Agency for International Development	14.00	149.80	114.22	48.12	111.01	39.32	96.70	91.93	127.87	7.19
World Food Programme			341.40					336.00		
Government of France		1.29	582.54	21.69	2.31	0.30	1.57	0.93	2.45	0.00
Korea EximBank				375.30	150.87		16.80			
Global Fund to Fight AIDS, Tuberculosis and Malaria				139.41	6.42			154.00	10.00	
Embassy of Sweden / Section Office Yangon	0.41		6.40	12.64	22.00	11.53	38.49	24.63	80.36	46.78
Swiss Agency for Development and Cooperation	4.71	3.03	10.73	17.17	37.61	16.54	12.95	48.48	60.09	0.50
Government of Norway	0.08	14.59	24.40	37.08	26.26	28.54	11.56	3.56	11.19	32.53
Agence Française de Développement			4.34	6.36	49.69	1.37	125.17	0.41		
UNICEF Core Resources				46.48	23.70	20.67	22.27	22.98	14.88	20.83
Global Affairs Canada	2.48	2.54	5.20	6.87	15.12	46.92	19.58	7.45	31.28	18.69
Korea International Cooperation Agency	9.50		13.30	67.15	18.45	3.65	10.53	5.80	3.13	9.50
Government of Denmark	0.90	14.86	16.02	16.14	15.79	8.70	27.54	35.84	0.66	0.14
Government of India		31.20	16.72	76.31	10.63					
Government of Italy		3.14	1.90	9.50	33.93	6.83	8.24	44.34	22.83	3.39
DFAT - Australian Aid Program	17.56	12.53	14.50	40.05	11.31	13.96	12.06	3.49	6.27	0.00
Government of the Netherlands	2.29	4.24	0.29	11.65	2.08	5.39	1.89	1.82	19.87	66.70
Government of China			12.68		49.40	5.18				
Others	2.51	9.55	72.92	55.93	112.22	99.78	106.77	85.09	132.69	53.63

Source: Mohinga AIMS (mohinga.info)

Table II.2 Top providers of ODA, gross disbursements of ODA for Myanmar according to OECD data, 2002-2017, millions of USD (current) as reported by the OECD (does not include data for China, India or Viet Nam)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Japan	42	48	47	47	93	5,332[54]	214	351	507	379
Germany	14	10	18	11	13	18	1,036	26	44	48
World Bank (IDA)						421	32	70	145	221
United Kingdom	82	53	44	62	48	156	121	174	145	156
France	9	5	5	6	7	592	6	6	5	5
United States	72	35	31	31	33	81	85	114	131	140
Asian Development Bank						513	2	12	42	30
EU Institutions	58	77	56	48	46	72	70	120	127	78
Global Fund			37	8	60	79	80	40	114	106
Australia	47	18	44	44	58	70	89	55	46	68
United Nations, Total	37	34	37	38	38	43	37	44	42	33
Republic of Korea	7	4	5	8	9	15	25	24	47	78
Norway	30	19	22	20	23	32	37	32	30	30
Switzerland	7	6	5	11	12	22	34	40	40	43
Sweden	22	15	6	19	20	28	30	24	33	37
Denmark	19	9	11	11	20	76	25	7	7	32
Austria	1	0	0	0	0	35	107	0	0	0
Global Alliance for Vaccines and Immunization (GAVI)	3	1	0	5	21	9	44	16	20	23
Canada	22	2	1	4	3	7	8	13	15	19
Thailand								18	25	8
Finland	7	1	0	0	1	2	10	9	14	12
Italy	8	1	1	3	2	9	9	7	3	7
New Zealand	3	0	1	1	2	1	3	5	6	9
Netherlands	16	6	3	3	2	4	8	1	2	4
Global Environment Facility (GEF)	0	0	0			0	3	3	4	4
Other	19	6	7	9	7	8	15	9	11	15
Total	525	352	382	390	516	7,624	2,129	1,223	1,607	1,583

Source: OECD Creditor Reporting System

[54] This refers to a bridging loan from Japan to Myanmar to clear overdue debt with the Asian Development Bank.