



MYANMAR

TECHNICAL ASSISTANCE REPORT—EXTERNAL SECTOR STATISTICS MISSION

February 2020

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TECHNICAL ASSISTANCE REPORT

MYANMAR Report on the External Sector Statistics Mission (June 3–5, 2019)

JANUARY 2020

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CDOT

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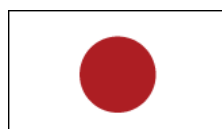


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Glossary

ATE	Average travel expenditure per person per day
BPS	Balance of Payments Section, Central Bank of Myanmar
CBM	Central Bank of Myanmar
CDOT	IMF's Capacity Development Office in Thailand
CSO	Central Statistical Organization
DDG	Director General of a department in the Central Bank of Myanmar
DG	Deputy Governor
DICA	Directorate of Investment and Company Administration
EDS	External debt statistics
ESS	External sector statistics
FEMD	Foreign Exchange Management Department, Central Bank of Myanmar
HS	Harmonized System
IIP	International investment position
IMF	International Monetary Fund
IMTS	International merchandise trade statistics
MOHT	Ministry of Hotels and Tourism
MOLES	Ministry of Labour, Employment and Social Security
MOPF	Ministry of Planning and Finance
STA	IMF's Statistics Department
TA	Technical assistance

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. **A technical assistance (TA) mission on external sector statistics (ESS) was conducted for the Central Bank of Myanmar (CBM) in Nay Pyi Taw during June 3–5, 2019, as part of the Project on the Improvement of ESS in the Asia–Pacific region.** The Project is funded by the Government of Japan; managed by the IMF’s Statistics Department (STA); and implemented by the IMF Capacity Development Office in Thailand (CDOT).
2. **The work on verifying reasonable size of coverage adjustments for Myanmar’s imports was addressed during the mission, using bilateral trade data from Thailand and China.** Under conservative scenario (i.e., excluding trade through land border checkpoints which potentially involves exports from Thailand and China going through Myanmar onward to the final destination countries), the analysis suggested that Myanmar’s 2018 imports are under-reported by approximately 1.9 billion USD for Myanmar’s imports from Thailand (total discrepancies are 2.0 billion USD), and another 1.9 billion USD for Myanmar’s imports from China (total discrepancies are 4.3 billion USD).¹
3. **Travel credits were also assessed to be potentially understated (by almost 2.0 billion USD in 2018, and in the range of 0.9–2.7 billion USD for the years 2014–2017).** Although the actual travel expenditure per person per day for certain years is likely to be lower than the time series published by the Ministry of Hotels and Tourism (MOHT) given continuous depreciation of Kyat over the past five years, this factor should unlikely outweigh the effect of growing numbers of inbound tourists (from 2.0 million tourists in 2013 to 3.6 million tourists in 2018).
4. Balance of payments compilation file used by the CBM Balance of Payments Section (BPS) has now been modified to accommodate suggested coverage adjustments for imports, and the new estimation model for freight and insurance on imports proposed during March 2019 mission.

¹ The issue was further discussed during September 4–11, 2019, mission which updated the recommended action included in the TA report as follows: “BPS to implement coverage adjustments for imports, based on mirror data from Thailand (with breakdown by mode of transport and by checkpoint). Adjustment for discrepancy with China’s mirror data is currently put on hold, pending further investigation on issues pointed out by the Customs”. BPS compilers took note of the need for this interim-approach for coverage enhancement until relevant data are collected.

Table 1. Myanmar: Priority Recommendations for ESS Enhancement

Target Date	Priority Recommendation	Responsible Institutions
March 2020	<i>Check with Myanmar Customs to find out whether imports for re-exports were included or excluded from imports.</i>	CSO
March 2020	<i>Quantify imports coverage adjustment amount, using data from Thailand for 2014–2017, in line with the method demonstrated by the mission.</i>	BPS
March 2020	<i>Request detailed data on average duration of stay and average daily travel expenses from the MOHT's Travel Survey to further investigate under-recording of travel credits.</i>	BPS

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

A. Updated Action Plan

Priority	Action/Milestone	Target Completion Date
<i>Outcome: Data are compiled and disseminated using appropriate statistical techniques, including to deal with data sources, and/or assessment and validation of intermediate data and statistical outputs.</i>		
H	ESS Advisor to work with the BPS in reviewing and modifying estimation models for main balance of payments and IIP components:	
	- Estimation models for travel. (pending MOHT's completing the compilation file for 2018 tourism survey responses)	July 2020
	- Other estimation models for main balance of payments and IIP components.	July 2020
<i>Outcome: Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination.</i>		
M	CBM to provide in-house training on basic ESS concepts and operational guidelines for ESS compilation to the new compilers.	Continuous basis
M	CBM to continue nominating ESS compilers to IMF's ESS courses, as well as regional courses and workshops organized by other organizations.	Continuous basis
<i>Outcome: Source data are adequate for the compilation of these macroeconomic statistics.</i>		
H	Ministry of Planning and Finance (MOPF) and the CBM's Foreign Exchange Management Department (FEMD) to provide external debt statistics (EDS) data to the BPS on a quarterly and timely basis.	Continuously
M	BPS to follow-up with the CSO regarding data request and proposed modification to relevant surveys as discussed during the June 2018 mission.	June 2020
H	BPS to follow-up with the CBM management to seek approval for disseminating EDS.	June 2020
H	CSO compilers of international merchandise trade statistics (IMTS) to compare Myanmar data with counterpart data for Harmonized System (HS) Chapters relevant to military goods/large equipment imports and verify discrepancies.	June 2020
H	CSO IMTS compilers to inform the CSO management on the need to use supplementary data sources (such as counterparts' data) to verify and supplement the Customs data when compiling IMTS; and seek their consideration and approval.	June 2020

Priority	Action/Milestone	Target Completion Date
M	BPS to communicate with the Ministry of Labour, Employment and Social Security (MOLES) regarding the data entry spreadsheet for the ESS related question added to the labor force survey.	June 2020
M	BPS to prepare an official letter to the Treasury Department to request detailed data on government EDS in soft copy format.	December 2020
Priority Scale: H – High, M – Medium, L – Low		

B. Potential Under-Coverage of Myanmar Imports

5. **The March 2019 mission worked with CSO IMTS compilers in verifying bilateral trade discrepancies with main counterparts, starting with Thailand as a pilot case.** The mission illustrated how granular data can be used to help determine proper adjustments to improve the coverage of the IMTS, using Thailand’s data on exports to Myanmar cross-classified by border checkpoint and 2-digit HS code. The data indicated potential under-coverage of Myanmar imports for a few checkpoints sharing land border with Thailand.

6. **The result of this mirror exercise was also shared with the BPS. The BPS was advised to apply the outcome of discrepancy analysis to the “coverage adjustments” when deriving imports for the goods account in the balance of payments, as an interim solution while the Customs is working on enhancing the data collection and compilation of exports and imports data.** BPS compilers took note of the need for this interim-approach for coverage enhancement and the rationale behind using the mirror data. However, the revision was pending forthcoming adjustments to other ESS items (particularly, imports from China and travel credits), so as to avoid too frequent revision as a result of change in methodology and data sources.

7. **Continuing the work from the previous mission, this mission trained BPS compilers and officials of the Trade Statistics Division of the CSO how to retrieve and use counterpart data from China Customs** (China’s exports to Myanmar, classified by province and by commodity) to quantify potential under-coverage, using data for 2018 as the demonstration case (see Appendix I). Guidelines were provided to the BPS and the CSO to repeat the exercise to quantify the adjustment amount for 2014–2017.

8. **In essence, under conservative scenario (i.e., excluding trade through land border checkpoints which potentially involves exports from Thailand and China going through Myanmar onward to the final destination countries), the analysis suggested that Myanmar’s 2018 imports are under-reported by approximately 1.9 billion USD for Myanmar’s imports from Thailand (total discrepancies are 2.0 billion USD), and another 1.9 billion USD for Myanmar’s imports from China (total discrepancies are**

4.3 billion USD).² The mission presented the results of the analysis on imports under-coverage to the CBM's Deputy Governor (DG) and the Director General of the Monetary Policy Affairs and Financial Institutions Regulation Department (DDG); and underscored the importance of timely implementation to enhance the coverage of imports, which would in turn improve the accuracy of the current account balance.

Recommended Actions:

- BPS and CSO compilers to repeat the mirror exercise to quantify coverage adjustments for 2014–2017. Consult CDOT ESS Advisor via e-mail, as necessary.

C. Travel Credits

9. **The mission assisted the BPS in verifying travel credits for the years 2013–2017 as published by the MOHT (based on MOHT's Tourism Survey) against the MOHT's published variables used to derive travel credits: "number of tourists", "average duration of stay (in days)", and "average travel expenditure per person per day (ATE)".** Given the published "number of tourists", "average duration of stay", and "travel credits", the derived ATE turned out to be much less (55–69 percent lower) than the published ATE. Even with assumptions applied to lower the estimates for the case of travelers passing through land-border checkpoints for one-day visit (who likely spent much less than ATE), coupled with the continuous depreciation of Kyat over the past five years, the effects of these two factors combined should unlikely outweigh the effect of growing numbers of inbound tourists (from 2.0 million tourists in 2013 to 3.6 million tourists in 2018). Therefore, the mission has a view that there is a possibility of the published travel credits being underestimated. An Excel file with calculation of ATE and travel credits under different scenarios was also provided to the BPS at the end of the mission as part of data verification exercise (see Appendix II).

10. **Further investigation requires detailed data from the immigration and the MOHT's tourism survey, particularly: (i) number of inbound tourists with breakdown by checkpoint, by type of travel document (e.g., passports versus border passes), and by country; (ii) individual responses on travel expenditure and duration of stay.** Granular data would enable removing the outliers as well as deriving more realistic ATE for different groups/categories of tourists, which should in turn lead to more accurate estimates of total travel credits. Follow-up missions should provide further guidance, once the authorities obtain granular data at least for the recent one to two years.

Recommended Actions:

- BPS to request more detailed data from the immigration and the MOHT, based on the list of suggested variables stated above.

² See footnote 1.

D. Other Matters

11. The mission also had discussion with the Deputy Governor of the CBM (U Soe T regarding his concerns over the data on private sector EDS produced during the August 2018 in-country training, clarifying that BPS compilers and officials from the Directorate of Investment and Company Administration (DICA) have closely coordinated on the compilation of private sector EDS to ensure no double-counting of the data across different sources. The DG expressed his intention to disseminate the EDS (submission of the Quarterly EDS templates to the World Bank) after careful review of the private sector EDS, which the CBM has compiled for the first time.

E. Officials Met During the Mission

Official	Position / Institution
Ms. Nwe Ni Win	Deputy Director, BPS, CBM
Mr. Zaw Zaw Htun	Research Officer, BPS, CBM
Mr. Nyan Myo Tun	Research Officer, BPS, CBM
Ms. Lay Lay Aung	Research Officer, BPS, CBM
Ms. Ei Ei Khin	Assistant Director, CSO
Ms. Yin Min Tun	Officer, CSO
Mr. Wai Lynn Oo	Officer, CSO

Appendix I. Instruction on How to Retrieve Data from China Customs' Interactive Database

China Customs' website: <http://english.customs.gov.cn/>

Home | 中文站

**GENERAL ADMINISTRATION OF CUSTOMS
PEOPLE'S REPUBLIC OF CHINA**

G A C C

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Sort Order: Coding sorting

Flow: Import Export Import and Export

Currency: Renminbi Yuan US dollar

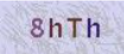
Period: 2019 6 -- 6 By month:


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Estimated travel expenditure/day	2013	2014	2015	2016	2017	2018
MOHT's data	\$ 145.00	\$ 170.00	\$ 171.00	\$ 154.00	\$ 153.00	
Implied avg. expenditure (MOHT travel receipts ÷ no. of tourists ÷ avg. number of days)	\$ 64.51	\$ 53.20	\$ 68.71	\$ 63.54		Much lower than published data
<u>Test#1: Use CPI & FX depreciation to estimate from MOHT's 2013 data</u>						
<u>Step1: inflating MOHT's 2013# with CPI</u>	\$ 145.00	\$ 155.30	\$ 170.82	\$ 182.10	\$ 190.29	\$ 199.81
<u>Step2: inflating with CPI + deflating by Kyat depreciation rate</u>	\$ 145.00	\$ 146.89	\$ 135.13	\$ 135.54	\$ 127.81	\$ 127.69
<u>Test#2: Use CPI & FX depreciation to estimate from MOHT's 2017 data</u>						
<u>Step1: deflating MOHT's 2017# with CPI</u>	\$ 114.10	\$ 122.82	\$ 136.47	\$ 146.12	\$ 153.00	\$ 160.65
<u>Step2: deflating with CPI + inflating by Kyat depreciation rate</u>	\$ 171.87	\$ 174.13	\$ 161.24	\$ 161.72	\$ 153.00	\$ 152.85
<u>Test#3: Use CPI & FX depreciation to estimate from CBM's 2015 survey data</u>						
			\$ 137.00			
<u>Step1: inflating MOHT's 2013# with CPI</u>	\$ 110.97	\$ 123.30	\$ 137.00	\$ 146.04	\$ 155.68	\$ 163.46
<u>Step2: inflating with CPI + deflating by Kyat depreciation rate</u>	\$ 141.75	\$ 147.96	\$ 137.00	\$ 137.41	\$ 137.82	\$ 137.69
Estimated travel expenditure (No. tourists x days x avg. expenditure per day)						
	2013	2014	2015	2016	2017	2018
No. tourists	2,044,307	3,081,412	4,432,301	2,907,207	3,443,133	3,551,428
Average length of stay (days)	7	9	9	11	9	9
Estimated travel expenditure (in M.\$)						
<u>Test#1: Use CPI & FX depreciation to estimate from MOHT's 2013 data</u>	\$ 2,074.97	\$ 4,073.52	\$ 5,390.60	\$ 4,334.46	\$ 3,960.72	\$ 4,081.21
<u>Test#2: Use CPI & FX depreciation to estimate from MOHT's 2017 data</u>	\$ 2,459.50	\$ 4,829.23	\$ 6,431.81	\$ 5,171.72	\$ 4,741.19	\$ 4,885.43
<u>Test#3: Use CPI & FX depreciation to estimate from CBM's 2015 survey data</u>	\$ 2,028.40	\$ 4,103.33	\$ 5,465.03	\$ 4,394.30	\$ 4,270.89	\$ 4,400.82
<u>Test#1.1: TH & CN (36% based on 2017 data) include also day-visit tourists</u>	\$ 1,850.87	\$ 3,633.58	\$ 4,808.41	\$ 3,866.34	\$ 3,532.96	\$ 3,640.44
--> deduct spending of TH & CN by 30%						
Current travel receipts published by MOHT (used by CBM in the BOP)	\$ 962.81	\$ 1,613.31	\$ 2,122.48	\$ 2,197.15	\$ 1,968.87	\$ 1,651.49
Difference (Test#1.1 - current MOHT travel receipts)	\$ 888.07	\$ 2,020.27	\$ 2,685.93	\$ 1,669.19	\$ 1,564.09	\$ 1,988.95