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“Competition for Resources in a Changing World:
New Drive for Rural Development”

Comparative Advantage of Myanmar’s Export Items in China Market: Likely Impact on Natural Forest

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Abstract

The tightening sanctions imposed by US and western countries on Myanmar make the country closer to neighboring countries especially China which says Myanmar’s situation is only an internal affairs. Because of this enforcement the economic and technical cooperation between two countries is increased. Chinese companies are favored to lay down projects in Myanmar covering hydropower plants, commercial network projects, cement and paper plants, agricultural machinery factories, bridge projects, processing of forest and marine products and so on. Trade between Myanmar and China is also increased in recent years. Myanmar’s export to China are mainly constituted of natural resources such as wood, pearls, crude rubber, ores, vegetables, roots and tubers. Myanmar’s export to China was only US\$ 124.82 million while import from China was US\$ 496.44 millions making trade deficit of US\$ 371.62 millions. This trade deficit was US\$ 740.70 millions in 2003 and US\$ 954.77 millions in 2006. In this paper, the revealed comparative advantage for Myanmar’s major export items especially forest products to China is calculated. The pattern of comparative advantage differs across different levels of dis-aggregation and sectors based on HS classification system. The export share of SITC 24231 (Saw-logs), SITC 2433 and SITC 24331 (Lumber) are highest among the forest products. The trend of the revealed comparative advantages for these products is stagnant through 2000 to 2006 implying that if systematic logging is not done, export earning from forest products of Myanmar could be lost in near future. Moreover, it may also happen environmental impact on Myanmar and China as well as on neighboring countries.

Keywords: China, Myanmar, natural forests, revealed comparative advantage