

# Opportunities, Challenges, and Countermeasures of China Myanmar Economic and Trade Cooperation under the Background of RCEP

Chit Min Htut

School of Economics, Guangxi University, Nanning, China

Email: [chitminhtut82@gmail.com](mailto:chitminhtut82@gmail.com)

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## Abstract

China and Myanmar are geographically adjacent and have close economic and trade cooperation. China has been Myanmar's largest trading partner and largest source of investment for many consecutive years. With the official entry into force of RCEP (Regional Comprehensive Economic Partnership) for Myanmar on May 1, 2022, the reduction of trade tariffs on goods and flexible rules of origin between China and Myanmar will undoubtedly bring more practical results to China Myanmar economic and trade cooperation. However, the implementation of RCEP in Myanmar may face a series of challenges such as poor business environment, weak human resource management, and outdated infrastructure construction. Finally, the article provides countermeasures for China Myanmar economic and trade cooperation from three aspects: optimizing the business environment to attract Chinese investment, increasing investment in education and training to improve labor quality, strengthening infrastructure construction to enhance economic support.

## Keywords

RCEP Myanmar Opportunities, Challenges, Countermeasures

## 1. Introduction

China and Myanmar are linked by mountains and rivers, with a total length of 2186 kilometers of border line. Based on the unique geographical advantages, China and Myanmar have had close exchanges since ancient times. The pro-

found historical and cultural ties have been described by both sides as “friendly neighbors”, which has laid a solid foundation for the close cooperation between the two countries in the political, economic and cultural fields. In November 2020, Myanmar officially joined RCEP and became the initial signing member of RCEP. In May, 2022, RCEP came into effect in Myanmar. Since then, Myanmar has made new commitments to some goods imported from China on the basis of the China ASEAN Free Trade Agreement (hereinafter referred to as CAFTA), which will help relevant Chinese enterprises further develop the Myanmar market.

China and Myanmar share a long history of close geographical, historical, and cultural ties, often described as “friendly neighbors.” However, while the implementation of RCEP presents new opportunities for economic cooperation, it also poses challenges that need to be addressed. Understanding these challenges and devising strategies to overcome them is crucial for maximizing the benefits of RCEP for both countries.

The purpose of this research is to explore the opportunities, challenges, and strategies of economic and trade cooperation between China and Myanmar under the backdrop of the Regional Comprehensive Economic Partnership (RCEP). As Myanmar officially joined and implemented RCEP in May 2022, it is imperative to analyze the implications of this significant trade agreement on the bilateral relationship between China and Myanmar.

Prior studies have examined various aspects of China-Myanmar economic relations and the implications of regional trade agreements. Research has shown that China’s investments in Myanmar have been significant, particularly in sectors such as infrastructure and energy. Additionally, studies have highlighted the potential benefits of RCEP for member countries, including increased market access, reduced tariffs, and streamlined trade processes. However, there is a need for further research to explore the specific implications of RCEP for China-Myanmar economic and trade cooperation.

This research offers several contributions to the existing literature. Firstly, it provides an in-depth analysis of the opportunities and challenges arising from RCEP for China and Myanmar, taking into account their unique bilateral relationship. Secondly, by identifying strategies for enhancing economic and trade cooperation, the research aims to inform policymakers, businesses, and other stakeholders on how to navigate the complexities of RCEP implementation effectively. Finally, the research contributes to a better understanding of the broader implications of regional trade agreements on bilateral relationships and regional economic integration.

In conclusion, this research aims to provide valuable insights into the dynamics of economic and trade cooperation between China and Myanmar under the framework of RCEP. By addressing the purpose, problem statement, reviewing relevant literature, and highlighting the importance of the research, this introduction sets the stage for the subsequent analysis and findings.

## 2. Current Situation of China Myanmar Economic and Trade Cooperation

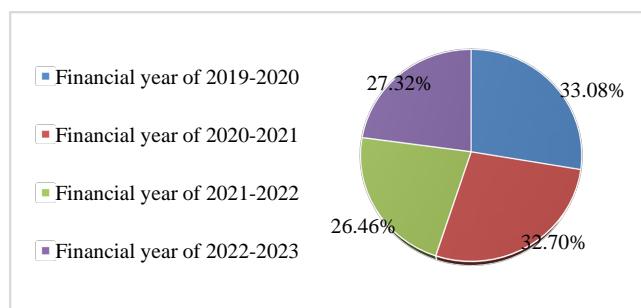
### 2.1. Bilateral Trade Transactions

In 2022, China is Myanmar's largest trading partner, the largest source of imports and the largest export market in 2022. According to the statistics of the Chinese customs, the total import and export trade between China and Myanmar was \$1.46 billion in 2006. In 2019, the trade volume between China and Myanmar was \$18.7 billion (Table 1), accounting for 33.08% of Myanmar's foreign trade (Figure 1). In 2021, affected by the new crown pneumonia epidemic and the political turmoil in Myanmar, the trade scale between China and Myanmar showed a downward trend, only \$18.62 billion. However, in 2022, with the liberalization of the epidemic situation and the entry into force of the RCEP agreement and other reasons, the trade scale between China and Myanmar gradually recovered to \$25.11 billion, an increase of 34.9% year-on-year, including \$11.49 billion in Chinese imports, an increase of 41.5% year-on-year, and 13.62 billion in exports. US \$billion, up 29.9% year on year<sup>1</sup>. Myanmar's main export commodities to China are natural gas, rice, beans, aquatic products, rubber, mineral products, pearls and jadeite, and its main import commodities are mechanical materials, plastic raw materials, chemical machinery and industrial raw materials.

**Table 1.** Bilateral goods trade between China and Myanmar from 2016 to 2022 (unit: US \$100 million).

| Year | Total trade | Year on year (%) | China import | Year on year (%) | China export | China export (%) |
|------|-------------|------------------|--------------|------------------|--------------|------------------|
| 2016 | 122.8       | -18.6            | 41.0         | -24.8            | 81.9         | -15.2            |
| 2017 | 135.4       | 10.2             | 45.3         | 10.5             | 90.1         | 10.0             |
| 2018 | 152.4       | 13.1             | 46.9         | 3.6              | 105.5        | 17.9             |
| 2019 | 187.0       | 22.8             | 63.9         | 36.4             | 123.1        | 16.7             |
| 2020 | 188.9       | 1.0              | 63.4         | -0.7             | 125.5        | 1.9              |
| 2021 | 186.2       | -1.5             | 80.8         | 27.3             | 105.4        | -16              |
| 2022 | 251.1       | 34.9             | 114.9        | 41.5             | 136.2        | 29.9             |

Data source: General Administration of Customs of China (<http://www.customs.gov.cn>).



**Figure 1.** Proportion of China Myanmar trade volume in Myanmar's total foreign trade in 2019-2022 fiscal year. Data source: Myanmar Ministry of Commerce.

<sup>1</sup>Source: General Administration of Customs of China (<http://www.customs.gov.cn>).

In order to give full play to the complementary advantages of China and Myanmar, expand the channels of cooperation between the two sides, and better promote the high-quality development of jointly building the “belt and road”, China and Myanmar have also signed a series of economic, trade and investment cooperation agreements, as shown in **Table 2**.

**Table 2.** Major economic and trade cooperation agreements signed by Myanmar (memorandums).

| Time | Cooperative agreement   |
|------|---|
| 1993 | Six economic and technical cooperation agreements   |
| 1994 | Memorandum of understanding on border trade   |
| 1997 | Agreement on promoting China Myanmar economic cooperation and agreement on establishing a joint working committee on economic, trade and technical cooperation  |
| 2000 | Tourism cooperation agreement, scientific and technological cooperation agreement, economic and technological cooperation agreement, memorandum of understanding on the implementation plan of Chinese citizens' traveling to Myanmar at their own expense  |
| 2001 | Economic and technical cooperation agreement, fishery cooperation agreement, agreement on promoting and protecting investment, China Myanmar agreement on animal and plant inspection and quarantine  |
| 2004 | 21 agreements, memorandums and exchanges of notes between the Chinese and Burmese governments on Trade and investment cooperation, as well as the agreement on the cancellation of partial matured debts of the government of the union of Myanmar  |
| 2005 | 8 agreements including the economic and technological cooperation agreement between the two governments   |
| 2009 | Agreement on import and export intentions between the two countries   |
| 2012 | Economic and technical cooperation agreement and other agreements, exchange of notes  |
| 2013 | Agreement on providing us \$100million in small loans to Myanmar and agreement on providing preferential loans for buyers to Myanmar  |
| 2014 | More than 20 agreements including the memorandum of understanding on animal husbandry and fishery between China and Myanmar   |
| 2015 | Yangon gas power plant joint venture agreement, Myanmar's agreement to purchase railway locomotive head from China  |
| 2017 | Memorandum of understanding between the Ministry of Commerce of China and the Ministry of Commerce of Myanmar on the construction of China Myanmar border economic cooperation zone   |
| 2018 | Memorandum of understanding between the government of the People's Republic of China and the government of the Republic of the union of Myanmar on jointly building the China Myanmar Economic Corridor   |
| 2019 | Memorandum of understanding on the China Myanmar economic corridor cooperation plan (2019-2030), the five-year development plan for economic and trade cooperation, and the economic and technological cooperation agreement between Myanmar and the Chinese government   |
| 2020 | The memorandum of understanding on the inspection of Myanmar rice exported to China free of pests, the agreement on the export of heat-treated silkworm cocoons from Myanmar to China, and the memorandum of understanding on accelerating the negotiation of the framework agreement for the Ruili Muse Border Economic Cooperation Zone |
| 2021 | Five-year plan for the development of China Myanmar economic and trade cooperation, memorandum of understanding on the feasibility research of Mandalay Kyaukpyu section of China Myanmar Railway   |

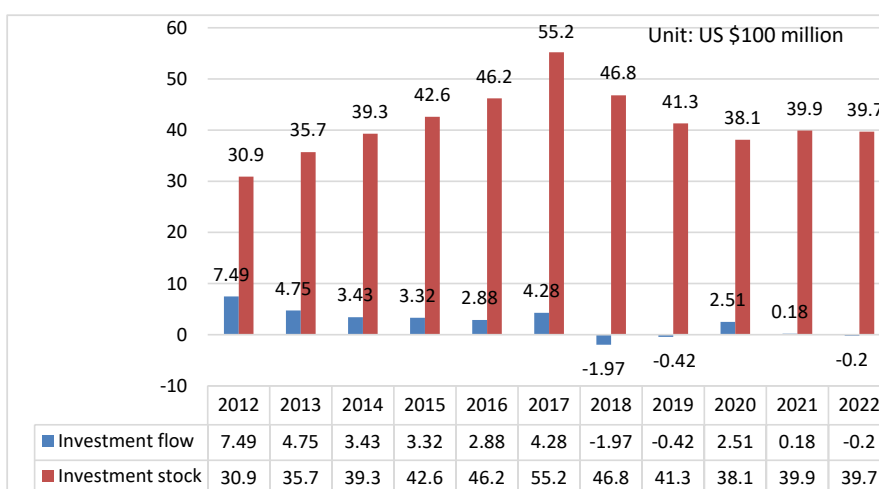
Source: Ministry of Commerce of China <http://mm.mofcom.gov.cn>.

## 2.2. China's Investment in Myanmar

In recent years, affected by the COVID-19 and the political turmoil in Myanmar, China's investment in Myanmar has grown slowly, even negative growth in some years. According to the data of the Statistical Bulletin of China's Foreign Direct Investment in 2022, China's direct investment flow in Myanmar in 2022 will be -0.2 billion US dollars, and the stock will be 3.97 billion US dollars [1]. Chinese enterprises' investment in Myanmar is mainly concentrated in power and energy, mining resources, textile and clothing industries and other processing and manufacturing industries. Investment projects are mainly operated by BOT, PPP or product sharing contracts (PSC). The main projects include the China Myanmar oil and gas pipeline, Dagongshan nickel mine, Mengyuwa Wanbao copper mine, Ruili River first-class hydropower station, Taiping River first-class hydropower station, Xiaoqipei hydropower station, Diji coal-fired power station, Yangon Dajida gas power station, Jiaopiao gas power station, Arong gas power station, Conch cement, etc. The changes in the flow and stock of China's direct investment in Myanmar are shown in **Figure 2**.

## 2.3. China's Contracting of Projects in Myanmar

According to statistics from the Ministry of Commerce of China, in 2021, Chinese companies signed 39 new engineering contracts in Myanmar, with a total amount of 970 million US dollars, a year-on-year decrease of 82.0%; Completed a turnover of 630 million US dollars, a year-on-year decrease of 66.0%. From January to May 2022, Chinese companies signed new contract amounts of 310 million US dollars in Myanmar, a year-on-year decrease of 50.1%; Completed a turnover of 120 million US dollars, a year-on-year decrease of 61.8% [2]. In the past three years, there have been large-scale contracting projects under construction, including the Yangon International Airport expansion project undertaken by China Harbour; The Yangon Dilowa Shipyard Phase III constructed by China



**Figure 2.** Changes in the flow and stock of China's direct investment in Myanmar from 2012 to 2022. Data source: statistical bulletin of China's outward direct investment in 2022.

International Engineering Corporation; The first phase of the Yangon Emerald Bay housing construction project undertaken by China Construction Eighth Bureau; Yangon Xintiandi Project contracted by China Construction Fifth Engineering Bureau; The Yangon Dala Bridge and other projects undertaken by China National Construction Corporation. In recent years, there have been over 70 central and local enterprises engaged in engineering contracting in the Myanmar market, including China National Energy Engineering Corporation, China Electric Power Construction Corporation, China State Construction Engineering Corporation, China Communications Construction Corporation, State Grid Corporation of China, Yunnan Energy Investment Corporation, Yunnan Construction Investment Corporation, etc. The main projects involved include oil and gas pipelines, mines, power stations, transmission and transformation lines, airports, buildings, highways, bridges, railways, etc.

### **3. New Opportunities for China Myanmar Cooperation under the Background of RCEP**

#### **3.1. RCEP Boosts the Development of Bilateral Trade between China and Myanmar**

After the implementation of RCEP in Myanmar, China will implement tariff reductions on Myanmar's original goods, and the proportion of goods subject to tariff reductions in the first year will reach 95.1%, while the number of zero tariff goods will reach 66.8% [3]. At the same time, materials and components originating from Myanmar will also be included in the cumulative scope of RCEP, which will further reduce the threshold for goods to obtain origin qualification under RCEP. According to Yuan Bo, Deputy Director of the Asian Research Institute of the Research Institute of the Ministry of Commerce, under the RCEP, Myanmar has made new commitments to China's rice, traditional Chinese medicine, tree gum, oil, alcohol, feed oil residue, chemicals, plastics and their products, wood products, asbestos products, automobiles, motorcycles and other commodities on the basis of CAFTA, which will help Chinese related enterprises further explore the Myanmar market; At the same time, China has further reduced taxes on canned pineapple, pineapple juice, coconut juice, pepper, diesel and other chemical fuels, some chemicals, paper products, diesel engines, vehicle lighting and signaling devices, window lifters and other products from ASEAN countries such as Myanmar on the basis of CAFTA, which is conducive to Chinese enterprises expanding their imports of related products from Myanmar [4].

#### **3.2. RCEP Promotes the Growth of China's Investment in Myanmar**

RCEP is the integration and upgrading of the original rules of the five ASEAN 10 + 1 Free Trade Agreements in the region, which stipulates common rules for trade and investment in services and common market access policies for service investment. The RCEP investment related rules mainly include investment liberalization, investment protection, and investment facilitation clauses. Both China

and Myanmar adopt positive list commitments for service trade, while negative list commitments are adopted for investment in five non service industries, including manufacturing, agriculture, forestry, fisheries, and mining. Myanmar promises to set no restrictions in 13 fields, including architectural design, urban planning, financial insurance, travel agencies and tourism operations, libraries, and some sea and air transportation, to achieve comprehensive liberalization of services. China also provides most favored nation treatment to member countries, including Myanmar, in professional services, express delivery services, and construction engineering services. The establishment and implementation of the RCEP framework will greatly reduce China's investment barriers to Myanmar, create a more stable, open, transparent, and convenient investment environment for Chinese investors to invest in Myanmar, and also inject strong impetus into Myanmar to attract foreign investment and promote its economic development.

### **3.3. RCEP Promotes the Optimization of Bilateral Industrial and Supply Chain Restructuring**

The implementation of the RCEP agreement reflects the win-win potential of bilateral cooperation between China and Myanmar, and also plays a key role in the restructuring and optimization of bilateral industrial and supply chains. For Myanmar, the cumulative principle of origin and tariff reduction policies of RCEP will become catalysts for accelerating industrial and supply chain restructuring. In addition, the overlapping effect of RCEP and the US led Indo Pacific Economic Framework (IPEF) has further expanded China's industrial transfer effect. More and more labor-intensive industries in China, such as clothing, textiles, and home manufacturing, are migrating to Myanmar with lower land and labor costs, which greatly promotes local employment growth, improves Myanmar's industrial layout, and drives national economic growth. For China, although the transfer of some labor-intensive industries to ASEAN countries may lead to the hollowing out of some industries in certain regions, China's direct investment in Myanmar and the transfer of industrial chains have also strengthened the close economic cooperation between China and Myanmar. This will help China further optimize its industrial structure and layout, promote the development of core industries, guide the integrated development of the industrial chain towards digitalization, platformization, intelligence, and internationalization, accelerate industrial transformation and upgrading, and further improve the added value of products [5]. This will help further enhance China's value and position in the global supply chain, becoming a key participant in the global economy.

## **4. The Challenges of China Myanmar Cooperation under the RCEP Framework**

### **4.1. Poor Business Environment in Myanmar**

According to the 2020 Business Environment Report released by the World

Bank<sup>2</sup>, Myanmar ranks 165th out of 190 countries and regions worldwide in terms of business environment convenience (Table 3) and last among the 10 ASEAN countries. According to the Global Integrity Index (CPI) report released by the international organization “Transparency International” on January 25, 2022 (Table 4), except for Singapore, which scored higher, the other nine ASEAN countries all scored below 50 points, with Myanmar scoring only 28 points, ranking ninth among the 10 ASEAN countries, indicating that Myanmar has a relatively serious problem of government corruption. In addition, according to the 2022 Global Innovation Index Report released by the World Intellectual Property Organization, Myanmar’s overall innovation index score is 16.4 points (Table 5), ranking 116th out of 131 economies worldwide, an increase of 11 places compared to the previous year. However, overall, Myanmar’s innovation capability is still weak and needs to be strengthened. In particular, the three sub indicators of business maturity, infrastructure, and institutions are all in the bottom 10 of 131 economies.

**Table 3.** Ranking and scores of “business environment” of ten ASEAN countries in 2020.

| Ranking among 190 economies | ASEAN countries | Convenience score for doing business | Ranking among 190 economies | ASEAN countries | Convenience score for doing business |
|-----------------------------|-----------------|--------------------------------------|-----------------------------|-----------------|--------------------------------------|
| 2                           | Singapore       | 86.2                                 | 73                          | Indonesia       | 69.6                                 |
| 12                          | Malaysia        | 81.5                                 | 95                          | the Philippines | 62.8                                 |
| 21                          | Thailand        | 80.1                                 | 144                         | Cambodia        | 53.80                                |
| 66                          | Brunei          | 70.1                                 | 154                         | Laos            | 50.8                                 |
| 70                          | Vietnam         | 69.8                                 | 165                         | Myanmar         | 46.8                                 |

Data source: World Bank (in 2021, the world bank has suspended the release of doing business report).

**Table 4.** ASEAN countries’ scores in the global integrity index report in 2022.

| ASEAN member | Score (0 - 100) (corruption integrity) | Score (0 - 100) (corruption integrity) | Score (0 - 100) (corruption integrity) |
|--------------|--|--|--|
| Singapore    | 85                                     | Philippines                            | 33                                     |

**Table 5.** Myanmar’s global innovation index score and ranking in 2022.

| Sub indicators of global competitiveness | Score (0 - 100) | Ranking | Sub indicators of global competitiveness | Score (0 - 100) | Ranking |
|--|-----------------|---------|--|-----------------|---------|
| Overall evaluation                       | 16.4            | 116     | Market maturity                          | 25.1            | 93      |
| system                                   | 38.1            | 123     | Commercial maturity                      | 14.1            | 130     |
| Human capital and scientific research    | 18.4            | 102     | Knowledge and technology output          | 12.0            | 100     |
| Infrastructure                           | 21.4            | 128     | Creative output                          | 6.6             | 106     |

Data source: 2022 Global Innovation Index Report.

(<https://www.globalinnovationindex.org/gii-2022-report>).

<sup>2</sup>In September 2021, the world bank announced that it would suspend the publication of the business environment report and would build a new evaluation system to evaluate the business and investment environment of various economies.

In addition, one of the biggest issues affecting Myanmar's business environment is the political and social instability in Myanmar. In February 2021, the Myanmar military unilaterally declared that the Democratic League political party was illegal and seized power on the grounds of election fraud. They placed former Democratic League Chairman, State Councilor Aung San Suu Kyi, and her aides under house arrest, leading to strong resistance demonstrations and violent incidents in the country. The situation is not optimistic. Subsequently, the arrival of international sanctions once again accelerated the deterioration of Myanmar's economy and people's livelihoods, with inflation rates reaching new highs and various aspects of the national economy almost stagnant. Foreign companies find it difficult to continue operating in Myanmar, and foreign industries such as clothing manufacturing are facing a fatal blow. Clothing retailers (such as H&M) have suspended orders for imports from Myanmar and plan to transfer clothing production to neighboring countries. Political instability and difficult to maintain economic conditions undoubtedly thwart foreign capital's willingness to re-enter Myanmar.

#### **4.2. Myanmar's Human Capital Is Weak**

Myanmar's weak human capital mainly refers to the shortage of skills and knowledge of Myanmar's school-age labor force, which makes Myanmar's manufacturing industry in the low value-added stage of the production process for a long time, and a large number of intermediate products need to be imported from other countries. Although Myanmar is rich in labor force, most of the school-age labor force lacks the necessary knowledge and skills, and high-quality human capital is extremely lacking. According to the data of UNESCO, as of 2018, about 38% of Myanmar's working population had primary education, 15% had secondary education, and less than 1% had higher education. The whole country has a large gap for senior management and technical personnel. In 2018, there were about 932,200 students in Myanmar's higher education, including 545,900 female students and 386,300 male students. There was a large gap between men and women. The gross enrollment rate at the stage of higher education was 18.82% [6]. In that year, the Myanmar government's expenditure on higher education totaled 194.47 million US dollars, accounting for 0.29% of the gross domestic product (GDP) and 1.53% of the total government expenditure [7]. However, foreign-funded companies in Myanmar rarely make deep investment in human capital development and labor skills. Due to the shortage of skilled labor, Myanmar's labor productivity is far lower than that of most Southeast Asian economies.

The low-cost labor force not only brings low labor productivity and the plight of industrial upgrading, but also the hidden dangers of public opinion in the investment of foreign projects that investors are worried about. Due to the low level of education and lack of necessary judgment ability, some people who have not completed the compulsory education stage are unable to identify the wrong information. They will mistakenly believe some rumors, and then hold bias against

foreign investment projects. For example, they will have the misunderstanding of “colonization in disguised form”, and finally participate in the demonstrations against the project landing, resulting in the final abortion of the project. Although many foreign-funded projects in Myanmar passed the government’s bidding requirements and a number of indicators including environmental protection in the early stage, they were protested and opposed by the public before landing, and fell into a perennial stagnation, unable to continue turnover, which resulted in the lack of confidence and trust of the Burmese people in China. In the past two decades, many Sino Burmese cooperation projects have been shelved for word reasons, such as myitsone hydropower station and the “China Myanmar Railway” project based on the concept of border cities between the two countries. Without exception, these projects have fallen into the dilemma of loud thunder and little rain, and people’s doubts about these projects have been rising one after another.

### **4.3. Backward Infrastructure Construction in Myanmar**

Myanmar’s infrastructure construction is obsolete, its industry is very backward, and infrastructure construction such as transportation, energy, hydropower, post and telecommunications, and financial services is seriously insufficient. It is difficult to meet the needs of investors, which has also become one of the main factors restricting its domestic economic growth. From the perspective of the comprehensive level of logistics performance, according to the world bank logistics performance index, Myanmar’s comprehensive logistics index ranks 137th in the world (**Table 6**), ranking last among the ten ASEAN Member States, and the infrastructure level index ranks 130th, indicating that Myanmar’s logistics infrastructure construction is seriously lagging behind. Myanmar’s transportation mainly relies on water and land transportation, especially water transportation. About 50% of goods need to be transported by water. However, due to the seasonal impact of inland water transportation, the port throughput is insufficient, and the transportation cost rises. The total length of Myanmar’s roads is relatively short, the road network is unevenly distributed, and the road density is far lower than that of other ASEAN countries. By the end of 2018, the total mileage of roads in Myanmar was only 41,900 kilometers, including 25,900 kilometers of asphalt roads, 3011 kilometers of gravel roads and 4491 kilometers of dirt roads [8]. There is only one Yangon Mandalay expressway, while most of the roads and railways are in poor condition. Most of the railways are narrow gauge, and the highway network coverage is seriously insufficient. It can be seen that the backward transportation infrastructure has significantly increased the cost and time of cross-border trade and transportation between China and Myanmar.

In terms of power infrastructure, Myanmar’s power infrastructure is seriously inadequate. Although Myanmar is rich in water resources, due to the huge capital and technology gap in Myanmar and the slow construction of power generation, transmission, distribution and other infrastructure, the domestic power

**Table 6.** Ranking of logistics performance index (LPI) of ASEAN Member States.

| Country/Region | comprehensiveness | Customs clearance efficiency | Infrastructure level | International freight | Logistics quality and competitiveness | Cargo tracking | Logistics timeliness |
|----------------|-------------------|------------------------------|----------------------|-----------------------|---------------------------------------|----------------|----------------------|
| Singapore      | 7                 | 6                            | 6                    | 15                    | 3                                     | 8              | 6                    |
| Thailand       | 32                | 36                           | 41                   | 25                    | 32                                    | 33             | 28                   |
| Vietnam        | 39                | 41                           | 47                   | 49                    | 33                                    | 34             | 40                   |
| Malaysia       | 41                | 43                           | 40                   | 32                    | 36                                    | 47             | 63                   |
| Indonesia      | 46                | 62                           | 54                   | 42                    | 44                                    | 39             | 41                   |
| Philippine     | 60                | 85                           | 67                   | 37                    | 69                                    | 57             | 100                  |
| Brunei         | 80                | 73                           | 89                   | 113                   | 77                                    | 88             | 80                   |
| Laos           | 82                | 74                           | 91                   | 85                    | 83                                    | 69             | 117                  |
| Cambodia       | 98                | 109                          | 130                  | 71                    | 111                                   | 111            | 84                   |
| Myanmar        | 137               | 131                          | 143                  | 144                   | 128                                   | 143            | 108                  |

Data source: World Bank logistics performance index report.

supply has been in short supply for a long time. During the peak period of power consumption, power outages often occur in various regions, and the production activities of various industries are greatly restricted. From the overall situation of Myanmar's power development, as of June 2020, Myanmar's national power supply rate was 54%, and the annual economic losses caused by power outages and power rationing in Myanmar were equivalent to 2.5% of the annual sales of Myanmar's enterprises [9].

## 5. China Myanmar Trade Cooperation Promotion Countermeasures under the Background of RCEP

### 5.1. Optimize the Business Environment and Attract Chinese Investment

First of all, in terms of legislation, the Myanmar government should actively adapt to the growing economic needs, continuously improve the legal governance system, establish special legal service institutions, and provide professional legal advice and services for domestic and foreign investors by continuously improving the legal framework, such as the Myanmar investment law, the Myanmar Company Law, the Myanmar bankruptcy law, and the Myanmar industrial zone law; On the other hand, the government should also strictly enforce the law in order to provide investors with practical and effective legal protection, so as to attract more domestic and foreign investors. At the same time, the Chinese and Burmese governments should strengthen policy exchanges, ensure that the legal frameworks for bilateral investment and trade are consistent with each other, and timely introduce policies related to border mutual markets and tax incentives to promote the implementation of more bilateral cooperation projects.

Secondly, the government should simplify administrative procedures and improve the efficiency of government approval. The lengthy procedures not only

increase the time operation cost of enterprises, but also increase the risk of bureaucracy and corruption. In the process of simplifying administrative procedures, the provision of digital government services and information is crucial. Digital and information services can not only improve efficiency and transparency, but also provide enterprises and investors with more convenient ways to obtain necessary licenses and information. The Chinese and Burmese governments can explore and promote the reform of administrative examination and approval system, build a “Internet + government” one-stop government service platform, and promote the facilitation and efficiency of China Myanmar cross-border transactions and cooperation through the cooperative research and development of cross-border electronic examination and approval system, so as to further improve the efficiency of the cooperation between the two sides in production and supply chain. The Chinese and Burmese governments can strengthen the time limit in the approval process to ensure the efficient operation of the approval process, and open and transparent the approval process to reduce the risk of corruption and enhance the compliance and sustainability of China Myanmar economic and trade cooperation.

Finally, the government should relax market access restrictions and promote competition and market diversification. An open market can encourage more enterprises to invest and innovate, and bring more choices and higher quality products and services to the market, which not only helps to improve the well-being of consumers, but also helps to enhance the attractiveness of China Myanmar cooperation and inject vitality into economic growth. The Chinese and Burmese governments need to jointly promote the relaxation of market access policies and reduce the investment threshold of the two countries in the fields of trade in goods, investment and services. In the field of strategic and emerging industries, the Myanmar government should also attract and expand foreign investment, including Chinese enterprises, through tax incentives and preferential policies, and actively promote the cooperation between multinational enterprises and local enterprises, so as to promote the in-depth cooperation between the two sides’ industrial chains and supply chains.

## **5.2. Increase Investment in Education and Training to Improve Labor Quality**

The level of labor quality is an important factor affecting China Myanmar economic and trade cooperation, which directly affects labor efficiency, product output and company operation and maintenance management. For Myanmar, high-level talents are scarce, most school-age and school-age workers lack the necessary knowledge and skills, technical training and vocational education are weak, and there is a significant gap in skilled workers in industrial development. For the Chinese side, when investing in Myanmar, Chinese enterprises are eager for success, do not understand the local cultural customs and customs, and do not have a good grasp of the legal system. They adopt “Chinese style” management and handling methods to further intensify labor and capital conflicts. In

order to effectively alleviate the contradiction between China and Myanmar in the use of human resources, the governments and enterprises of the two countries can try to solve it from the following aspects.

First, strengthen education and vocational training. The Chinese and Burmese governments can strengthen cooperation in education and vocational training within the framework of RCEP. Promote the cross-border transfer of knowledge and skills through the establishment of bilateral and multilateral education projects. RCEP provides more opportunities for Member States to cooperate. China can set up a cross-border education and training center in Myanmar to cultivate skilled workers who meet market demand, which will help to improve the quality and skills of Myanmar's labor force and increase their opportunities to participate in the deep processing industry. The Chinese and Burmese governments should also increase investment in the field of education, especially in vocational education and skills training. Through the establishment of bilateral education cooperation projects, training courses and employment skills training should be offered to meet the demand for high-tech labor in the Burmese market. In addition, through the establishment of poverty alleviation fund and academic award fund, the establishment of the exchange mechanism between the two sides for researching abroad and the establishment of a platform for the exchange of teachers and students between China and Myanmar, we will actively encourage cross-border exchanges between students and teachers of the two countries, promote the sharing of knowledge and experience, and further deepen education cooperation and cultural exchanges between the two countries.

Second, for Chinese enterprises, attention should be paid to improving the management of human resources. When investing in Myanmar, Chinese enterprises should have a deep understanding of the local culture and legal system and adopt a more flexible and adaptable management mode. On the one hand, Chinese enterprises improve the enthusiasm and efficiency of workers by optimizing personnel management and developing performance appraisal and business incentive mechanisms. On the other hand, Chinese enterprises should pay attention to strengthening the communication and cooperation between labor and capital in order to reduce potential labor and capital contradictions. In addition, Chinese investors should also pay attention to the regular education and training and professional skills training for local workers, so as to improve the skill level of workers and the ability to distinguish wrong information, and enable them to be competent for the work of a more complex high-level industrial chain.

Third, strengthen people to people and cultural exchanges and promote people to people exchanges. RCEP is not only a platform for economic cooperation, but also a platform for promoting bilateral and multilateral people to people and cultural exchanges and cultural cooperation. China and Myanmar can strengthen cultural and people to people exchanges within the framework of RCEP. By holding cultural festivals, art exhibitions, academic seminars and other activities, we can break down the barriers to cultural exchanges between the two countries

and deepen mutual understanding and friendship between the two peoples, which will also be more conducive to promoting the development of economic and trade cooperation projects between the two countries. In addition, the Chinese and Burmese governments can also learn from the successful cases of the China Laos railway, and through the cooperative construction of infrastructure to promote economic, trade and people to people and cultural exchanges, dispel the concerns of the Burmese people about Chinese investment projects, and enhance the confidence and trust of Burmese workers in China, which will help strengthen the confidence of the people of the two countries in bilateral economic and trade exchanges, so that the ancient and profound “wave friendship” can continue to carry forward.

### **5.3. Promote Infrastructure Construction and Strengthen Economic Support**

Infrastructure construction is the foundation and necessary condition for social survival and development, and also a strong support for economic development. The level of connectivity between China and Myanmar depends on the strengthening of infrastructure construction in both countries. Myanmar’s power and transportation construction will be the focus of infrastructure construction for a long time in the future. According to Aung Nai woo, Minister of investment and foreign economic relations of Myanmar, as part of the long-term friendly economic and trade cooperation between China and Myanmar and the implementation of the China Myanmar Economic Corridor Initiative, Myanmar will import about 1200 mW of electricity from China and other neighboring countries. Myanmar has determined to cooperate with China on Cross-border transmission projects. At the same time, the first 100 megawatt photovoltaic project cluster invested by China Power Construction in Myanmar has entered the construction stage. After the completion of the project, it will also be directly incorporated into the Myanmar national grid, which will effectively improve the current situation of Myanmar’s long-term power shortage, play an important role in restoring Myanmar’s economy, promoting industrial development and stabilizing people’s livelihood, and further deepen China Myanmar economic and trade cooperation and bilateral friendship. In short, Myanmar needs to make up for the shortcomings of backward infrastructure. The Chinese and Burmese governments should play a leading role, formulate and improve the cooperation mechanism, and give full play to their respective advantages.

First, increase investment in infrastructure construction. The Chinese government can increase its financial and human support for infrastructure construction projects in Myanmar, encourage Chinese enterprises to actively participate in infrastructure construction in Myanmar, strengthen policy communication, formulate common infrastructure construction plans and standards, clarify investment methods and cooperation modes, and improve the efficiency and quality of cooperation; By attracting foreign investment and carrying out public-private cooperation, the Myanmar government has attracted foreign capital

including China to enter the field of infrastructure construction, formulated relevant laws and regulations, clarified the policies, standards and processes of infrastructure construction, improved the transparency and predictability of the project, attracted more investors to participate, and increased the sources of funds for infrastructure construction.

Secondly, the Myanmar government should enhance the ability of performance guarantee of infrastructure construction projects, overcome the negative impact of political turmoil on infrastructure projects, avoid the shelving of infrastructure projects caused by “changing every day”, and ensure the normal operation of interconnection infrastructure construction projects such as China Myanmar railway, Kyaukpyu deepwater port and grid photovoltaic. In addition, the Myanmar government can strengthen cooperation with China and other neighboring countries to jointly promote infrastructure construction, and can improve the coverage and efficiency of infrastructure by establishing cross-border infrastructure projects and sharing resources.

Finally, the Myanmar government can strengthen the training and introduction of talents in the field of infrastructure construction, improve the technical level and management ability of infrastructure construction, and cultivate more infrastructure construction professionals by establishing relevant training institutions and carrying out international talent exchange. In addition, through the introduction of advanced technology and advanced experience and management mode of other countries, we will improve the efficiency and quality of infrastructure construction, strengthen the supervision and evaluation of infrastructure construction projects, ensure that the project is carried out in accordance with the planning and standards, and improve the sustainability and efficiency of the project.

## 6. Conclusions

In summary, this research has delved into the multifaceted landscape of economic and trade cooperation between China and Myanmar under the umbrella of the Regional Comprehensive Economic Partnership (RCEP). Through an extensive exploration of the opportunities, challenges, and strategies arising from RCEP implementation, several significant insights have emerged. Firstly, RCEP has the potential to reshape the economic dynamics between China and Myanmar, offering newfound avenues for collaboration and growth. The reduction of tariffs and trade barriers presents tangible opportunities for businesses in both countries to expand their market reach and enhance competitiveness, particularly in key sectors such as automobile, textile, and food processing. However, alongside these opportunities, the research has identified a range of challenges that must be navigated. These include ensuring regulatory compliance, addressing disparities in economic development, and managing geopolitical complexities. It is imperative for policymakers and stakeholders to proactively address these challenges through targeted policy measures, bilateral dialogues, and en-

hanced cooperation mechanisms. Moreover, the research underscores the importance of developing tailored strategies to maximize the benefits of RCEP for both China and Myanmar. This includes fostering closer collaboration in research and development, promoting cross-border investment, and leveraging the cumulative rules of origin to enhance manufacturing integration.

Looking ahead, there is a pressing need for further research to deepen our understanding of the evolving dynamics of economic cooperation between China and Myanmar within the framework of RCEP. Future studies could explore the socio-economic impacts of RCEP on local communities, assess the effectiveness of policy interventions, and identify emerging opportunities for bilateral collaboration.

In conclusion, this research underscores the transformative potential of RCEP for China-Myanmar economic and trade cooperation while highlighting the importance of proactive measures to address challenges and capitalize on opportunities. By heeding these insights and fostering strategic collaboration, policy-makers can pave the way for sustainable and inclusive economic development in the region, driving mutual prosperity for years to come.

### Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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