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# Why We Need Cooperation

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# Rationale for Cooperation

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- Shared opportunities
- Self interest
- Expanded Opportunities





# Scope of Cooperation

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- Political eg reduce armed conflict
- Economic
- Social , health and environmental





# Economic Cooperation

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- Trade based (facilitate/liberalize)
- Structural
- Private Sector eg. regional production chain





# Trade Based Cooperation

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- Mechanisms : tariff reduction
- Scope: entire country
- Expected benefits: static and dynamic gains

Examples: ASEAN, NAFTA, EU





# Static Gains

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- Trade creation: trading more with a partner country (because of reduction in tariffs) which is an efficient produced





# Dynamic Gains

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- Large market leading to economics of scale (production costs decline as output expands)
- Increasing intra bloc competitiveness/increasing bargaining power
- Technology transfer and increase in Foreign Direct Investment (due to enlarged and more integrated market place)





# Structural Cooperation

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- Mechanisms: (i) trade facilitation and reduction of international trade costs (better infrastructure, administrative changes, border management )  
(ii) Economic corridors
- Scope: interested parts of countries only
- Expected benefits: multiple (trade, investment, border development)

Examples: GMS, BIMSTEC, IMF







# Private Sector

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- Private sector/MNC driver regional and global production chains e.g parts of computers, cars, electronics made in different countries, assembled in another country and sold to Latin America





# Costs of Cooperation

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- Regional cooperation is NOT free!
- Costs include
  - a. Loss of tariff revenue
  - b. Trade diversion
  - c. Competition
  - d. Adjustment/compliance
  - e. Coordination costs
  - f. Distributive impacts eg SMEs, ethnic minorities
  - g. Loss of national sovereignty and culture





# Where are we in 2016?

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- Myanmar will have to deal with ALL types of cooperation SIMULTANEOUSLY
- Potential benefits for Myanmar are high but cost are not low
- Act now! And Maximize net benefit to the country





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# Thank You

