

## COMPLETION REPORT

### **Markets for Japanese Used Automobiles and Old Autoparts in Myanmar and Thailand**

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This research investigates the mechanisms of used cars import from Japan to Thailand and transshipped to Myanmar. Although both countries are dominated by Japanese cars, their automobile markets are significantly different. The automobile market in Thailand is predominantly new cars while in Myanmar it is used cars. This is because Thailand has been a key regional production hub for Japanese carmakers. Both countries restrict importation of used cars but import of automotive parts is allowed. In the early stage of industrialization, Thailand also relied on import of used carcass cars and automotive parts. This trade becomes a big business in Thailand and later it is known as “Siang Gong”. Using old cars parts to replace and fix their vehicles seemed to be an economical option for Thai people. The business is still viable because Thai people tend to use cars longer than 10 years. This seems to be similar to current situation in the Myanmar automobile market condition at present.

We, Thai and Myanmar researchers, had visited Maesot during 17 and 20 July 2017 to interview with Thai businessmen who rent their land along the Moei River (which is a natural border between Thailand and Myanmar) for Myanmar importers. The business was boom after 2011, due to the import ban was lifted by the quasi-civilian government. Major sources of used cars are from Japan and from Thailand. Importers were Pakistan and Myanmar businessmen, who had customer based in Myanmar. The channel from Thailand to Myanmar includes illegal import. They were imported from Japan, arriving at Thailand ports and later shipping them to Mae Sot, a special economic zone, in Tak province, then carried across the Moei river. Based on our interviews, the number of used cars imported to Myanmar were rising during 2011 and 2015, and the number has been steadily decreased.

In March 2018, this researcher visited Yangon and interviewed with 4 car dealers and one automobile dealer association. We could confirm the route of old cars imported through Thailand before entering to Myanmar market via Kayin State. Most of Japanese used cars were illegally imported and sold to customers in several cities. Some were used in the Kayin State, some were sold in Yangon or other cities. However, the number of used cars sold decreased in 2018 due to two reasons. The first reason is because of the change of the Thai procedure that require all cars must be transshipped across the border within 24 hours of arrival. The other reason is due to the change in Myanmar import regulation. Importation of right-hand drive used cars is prohibited. Since the majority of cars in Myanmar is still old vehicles, there is still high demand for importation of used parts. Our interviews confirm that all importers have adjusted their business by import of used autoparts for replacement markets, in which high demand is still expected for a certain period of time.

This research could contribute a case of the trade of old automobile and parts from a developed country (Japan) to developing countries, which are Myanmar and Thailand for this research. It seems that old vehicles, which have almost no value in a country, could be an economical choice of purchase in another country. It is unclear how the importing country benefits from or bears environmental cost for this trade. Future research should investigate the mechanism of importation that might change with the regulation in Myanmar. The route of transshipment from Thailand may shift to other countries. Understanding of this fact would enable policy makers to implement a more effective policy for preventing the influx of end-of-life vehicles from developed countries and, at the same time, promoting the domestic automotive industry.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

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Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

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Book (Publisher and Date of the Book, Title and Author of the Book, etc.)

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