

Total Access to Solar, Myanmar



TATS Background

- TATS pilot launched in July 2013 in Tanintharyi Division of Myanmar with 2 objectives:
 - Provide low cost solar lighting solution for communities with poor access to electricity
 - Foster the creation of small businesses by training local entrepreneurs as last mile resellers.



Trade barriers to TATS Myanmar

- TATS imports pre-packaged “Sun King” solar lighting kits from the USA for the program.
- Generally, the kits consist of: LED lamp/s; battery; small solar PV panel; charger cables



Tariff barriers

Customs duties are generally levied as follows:

- **LED lamps: 1%** - HS 9405.10.90, Lamps –other
- **Batteries: 2%** - HS 8507.10.93, 6 V or 12 V, with a discharge capacity not exceeding 200 Ah
- **Solar PV panels: 0%** (recently decreased from 7.5%) – HS 8541.40.22, Photovoltaic cells assembled or made up into panels
- **Static converter: 0%** recently decreased from 1% - HS 8504.40.40

In addition to customs duties the kits are subject to:

- 5% commercial tax
- 2% withholding tax

Tariff barriers – duties and fees

For the last shipment of solar lamps worth ~USD\$30K, the importer paid 2% import duties + the following detailed charges (Total all duties/charges = ~ \$USD 1,000)

Description	Amount (MMK)
Import License Fees	50,000.00
Import Duty	612,499.20
Assessed Value	291,110.00
Security Fees	20,000.00
Agent Fees	91,000.00
Release Order Fees	25,415.00
Demurrage Charges	191,945

Non-tariff barriers

1. Inconsistent tariff classification:

- Myanmar Customs seem confused about how to classify because the Sun King products are a pre-packaged kit.
- E.g: the LED lamps classified on different importations as:
 - Light emitting diode: HS 8541.40
 - Other Electric Lamps and Lighting Fittings: HS 9405.40
 - Portable electric lamps: HS 8513.10
- Uncertainty for the program - classification; duties – impact on operational costs
- Delays for every shipment of 1-2 weeks: slow decision-making and disputes about correct classification

Other non-tariff barriers

2. Only domestic companies can import goods

– Total must partner local company = cost, delay and complexity

3. Import license requirement for every import

– no time based license available and can only be obtained in person from Ministry of Commerce.

Economic viability of TATS

- Tariff barriers / duty costs overall low
- **But** as the program is aimed at low income communities, only a small margin for extra costs which can be absorbed
- What would boost the viability?
 1. Capacity building in Myanmar Customs to improve tariff classification and valuation
 2. More flexible import licensing regime

Economic and socioeconomic benefits

For households

- 8,000 solar lighting solutions sold
- Generated average savings per household of USD \$3-8 per month
- Average payback period is 4 months making it a real value proposition for households
- Safer option for lighting needs than kerosene lamps and candles

Economic and socioeconomic benefits

For local business development:

- 80 entrepreneurs trained as last mile resellers
- average monthly revenue per entrepreneur of \$65
- On average, resellers have increased their monthly income by 30-40% while only expending 20%-30% of their time reselling.
- Enables other income generating activities: reliable lighting enables longer working hours; night fishing; night farming; children can study at night.

Environmental benefits

- Reduces GHGs from candles and kerosene lamps in village households and by diesel generators
- Reduced risk of fires and indoor pollution.

