

Research on the Current Situation and Countermeasures of Trade at the Land Border Port of the China-Myanmar Border: A Case Study of the Houqiao Port in Tengchong

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Abstract: Actively promoting the development of trade at the land ports of the China-Myanmar border holds significant importance for the construction of the China-Myanmar Economic Corridor and achieving development in the process of economic globalization and regionalization. Currently, there are issues with the trade operation at the Houqiao Port in Tengchong, such as a single trade commodity structure, weak port infrastructure, inefficient international logistics channels, and inadequate policies, which have hindered the full realization of the port's potential. To seize development opportunities and promote the development of intra-regional trade and investment within the port area, it is necessary to accelerate the construction of cross-border economic cooperation zones, innovate trade cooperation methods, optimize the structure of traded goods, strengthen port infrastructure and improve the management system of port logistics.

1. Introduction

Tengchong City is located in the southwestern part of Yunnan Province, adjacent to Kachin State in Myanmar. It has a border length of 148.0751 kilometers and is situated 200 kilometers from Myitkyina in northern Myanmar. Tengchong plays a significant strategic role as an important node in the construction of Yunnan Province's center for radiating towards South Asia and Southeast Asia. There is one national first-class port and three provincial key channels in Tengchong, namely the Houqiao Highway Port, Zizhi Passageway, Diantan Passageway, and Danzha Passageway, and two secondary international highways, the Tengchong-Myitkyina, and Tengchong-Panwa, lead to Kachin State in Myanmar, serving as important frontiers for China-Myanmar trade.

The Houqiao Highway Port, located in Houqiao Town, Tengchong City, is situated along the Binlang River, 65 kilometers away from the city center and 19 kilometers south of the No. 4 boundary pillar of the China-Myanmar border. The corresponding port on the Myanmar side is

Kanpaiti Port, which is approximately 133 kilometers away from Myitkyina in northern Myanmar, and only a little over 600 kilometers from India's Ledo. The Houqiao Highway Port was designated as a first-class port by the State Council in April 2000 and officially opened to the public in January 2003. As one of the five key ports in Yunnan Province, the Houqiao Highway Port serves as an important gateway and node connecting China with South Asia and Southeast Asia. It has prominent strategic importance and evident locational advantages, promoting economic and trade exchanges as well as people-to-people interactions between China and Myanmar. However, due to the complex and ever-changing trade environment, as well as issues related to port construction and operations, the advantages of the Houqiao Port have not been fully utilized. Therefore, there is a need for in-depth research on the development issues of land border ports between Yunnan and Myanmar. This study analyzes the current trade operation and issues of the Houqiao Highway Port in Tengchong, and proposes optimization strategies, which have practical significance for promoting the development of trade at land ports along the China-Myanmar border.

2. Overview of Land Border Ports along the China-Myanmar Border in Yunnan Province

Table 1: Statistical table of import and export freight volume, personnel and transportation volume at Yunnan-Myanmar border land ports in 2020.

The name of ports	The category of ports	Import and export freight volume (10,000 tons)	Inbound and outbound personnel (10,000 person-times)	Transportation (10,000 vehicles)
Ruili Port	First-class port	1 559.79	299.09	78.61
Wanding Port	First-class port	38.99	33.42	9.73
Houqiao Port	First-class port	337.48	14.91	7.37
Mengding-Qingshui River Port	First-class port	132.64	47.41	21.02
Daluo Port	First-class port	38.40	32.39	18.03
Menglian Port	Second-class port	89.71	25.79	7.99
Nansan Port	Second-class port	42.80	58.28	23.89
Cangyuan Port	Second-class port	10.98	7.80	4.14
Zhangfeng Port	Second-class port	33.63	38.90	16.59
Yingjiang Port	Second-class port	2.98	13.98	1.99
Pianma Port	Second-class port	5.70	2.52	1.55

Data source: "China Port Yearbook 2021 Edition".

Yunnan Province is located in the southwest border area of China and shares borders with Myanmar, Laos, and Vietnam through 25 border counties in eight cities. It is connected to Thailand and Cambodia via the Mekong River and is adjacent to Malaysia, Singapore, India, and other countries. Border trade is a unique aspect of Yunnan's foreign economic relations, and the province plays a significant role in China-Myanmar border trade. In 2021, Yunnan Province's total import and export volume in border trade reached USD 2.617 billion, a decrease of 11.08% compared to the previous year. The import volume was USD 1.619 billion, an increase of 37.2% year-on-year, and the export volume was USD 998 million, a decrease of 43.39% year-on-year. In 2021, Yunnan Province's total imports from Myanmar were USD 4.604 billion, and the total exports were USD 2.573 billion. Myanmar remains Yunnan Province's largest trading partner, as well as its largest source of imports and destination for exports. As of 2020, Yunnan Province has 20 ports approved for foreign trade by the State Council, including 11 land ports along the China-Myanmar border, namely Ruili, Wanding, Mengding-Qingshui River, Houqiao, Daluo, Menglian, Nansan, Cangyuan, Zhangfeng, Yingjiang, and Pianma.[1] The "National 14th Five-Year Plan for Port Development" released by the General Administration of Customs in September 2021 proposes optimizing the port layout around hub ports and accelerating the resolution of long-standing bottlenecks and weaknesses that have hindered the development of important border ports. It also prioritizes the

development of border area ports and clearly defines the layout of China-Myanmar border ports, including 12 land ports in Yunnan Province (including the planned but not yet completed Ruili Railway Port), which are included as major ports in the southwest China-Myanmar border area. Relevant data at Yunnan-Myanmar border land ports in 2020 is shown in Table 1.

Among the 11 land border ports along the China-Myanmar border, there are 5 national first-class ports: Ruili Port, Wanding Port, Houqiao Port, Mengding-Qingshui River Port, and Daluo Port. There are 6 national second-class ports: Menglian Port, Nansan Port, Cangyuan Port, Zhangfeng Port, Yingjiang Port, and Pianma Port. In 2020, the import and export volume of Yunnan Province to Myanmar through these ports reached 14.6 billion US dollars, a decrease of 9.3% compared to the previous year. The cargo throughput was 22.93 million tons, a decrease of 7.5% compared to the previous year. The number of inbound and outbound personnel was 5.75 million, a decrease of 79.9% compared to the previous year, and the number of inbound and outbound vehicles was 1.91 million, a decrease of 72% compared to the previous year.

From Table 1, it can be seen that in 2020, the top five land ports in terms of import and export freight volume were Ruili Port, Houqiao Port, Mengding-Qingshui River Port, Menglian Port, and Nansan Port. The first three ports are national first-class ports, with Ruili Port being the largest land port between Yunnan and Myanmar. The top five ports in terms of the number of inbound and outbound personnel in 2020 were Ruili Port, Nansan Port, Mengding-Qingshui River Port, Zhangfeng Port, and Wanding Port, with three of them being national first-class ports. The top five ports in terms of the number of inbound and outbound vehicles in 2020 were Ruili Port, Nansan Port, Mengding-Qingshui River Port, Daluo Port, and Zhangfeng Port. It is evident that among the national first-class ports, Ruili Port had a significant lead in terms of freight volume, the number of inbound and outbound personnel, and the number of inbound and outbound vehicles in 2020. Houqiao Port had a Import and export freight volume of 3.3748 million tons, ranking second, but the number of inbound and outbound personnel and vehicles was lower than other first-class ports.

3. Current Trade Situation of Tengchong Houqiao Port

Houqiao Port is located in Houqiao Town, Tengchong City, Yunnan Province. It is a crucial gateway to the Indian Peninsula and a must-pass location on the ancient Southwest Silk Road. Houqiao Port is connected to Myanmar's Kanpaiti Port, which is only 31.5 kilometers away from Kanpaiti County and 121 kilometers from the important town of Myitkyina in northern Myanmar. In 2009, the joint inspection building of Houqiao Port was newly built in Heinitang Village, Houqiao Town, 6 kilometers away from the national border, and the cargo inspection yard was newly built in Xiajie Village, Houqiao Town, 25 kilometers away from the China-Myanmar border. In 2013, the new joint inspection building and cargo inspection center of Houqiao Port were completed and put into operation. Currently, Houqiao Port has established customs special supervision areas for fruit and grain imports, as well as public bonded warehouses for export supervision.

Table 2: Statistics of Total Import and Export Trade of Tengchong City from 2018 to 2021.

(Unit: \$100 million)(Data source:Statistics Bureau of Tengchong City, Yunnan Province.)

Year	Total Import and export trade volume	Growth rate of Total Import and export trade volume(%)	Import volume	Growth rate of import volume(%)	Export volume	Growth rate of export volume(%)
2018	3.7216	33.2	2.6793	43.5	1.0423	12.4
2019	6.5370	75.7	5.0371	88.0	1.4999	43.9
2020	5.5773	-14.7	4.4843	-11	1.0930	-27.1
2021	7.0667	26.7	6.3348	41.3	0.7319	-33.0

Currently, the majority of foreign trade in Tengchong City is with Myanmar, primarily through the Houqiao Port and the channels of Zizhi, Diantan, and Danzha. Table 2 shows the import and export trade situation in Tengchong City from 2018 to 2021. The total trade volume fluctuated during the four years, with rapid growth before the COVID-19 pandemic. In 2019, the total import and export trade volume reached 653.70 million USD, a year-on-year increase of 75.7%. Due to the impact of the pandemic, it decreased to 557.73 million USD in 2020 but surpassed 700 million USD in 2021. In the second half of 2021, Houqiao Port and the channels were temporarily closed due to the COVID-19 situation in Myanmar. Only the export of essential goods and epidemic prevention materials through Houqiao Port and Diantan Channel was allowed, resulting in a decrease in export volume to 73.19 million USD. [2]

Table 3: 2018-2021 Tengchong City Port (Channel) Frontier Residents Trade Statistics Table.

(100 million U.S. dollars), (Data source: Tengchong City Bureau of Commerce).

	2018	2019	2020	2021
Frontier residents Exchange	1.9967	4.1778	2.5481	1.5536
In total trade Proportion of	53.65%	63.91%	45.69%	21.98%

Under the background of the Belt and Road Initiative and the construction of the China-Myanmar Economic Corridor, the trade forms at Houqiao Port mainly include general trade, border small-scale trade, and frontier residents exchange. Frontier residents exchange has become an important part of commercial development at Houqiao Port. According to the data from the Tengchong City Bureau of Commerce, in 2019, there were 395,200 transactions in border residents' mutual market, a year-on-year increase of 113%, with 90,800 border residents' vehicles and 398,500 participants. Tengchong City Port (Channel) Frontier Residents Trade Statistics from 2018 to 2021 are shown in Table 3, it can be seen that the volume of frontier residents exchange at Houqiao Port and the channels followed an inverted "U" shape trend from 2018 to 2021. In 2019, the volume reached 417.78 million USD, accounting for over 60% of the city's total trade volume. However, after the pandemic, the volume of frontier residents exchange declined in 2020 and 2021. In terms of trade commodity structure, the main imported goods at Houqiao Port are agricultural products such as bananas, watermelons, and rubber, as well as resource-based products like jade, iron ore, and silica. The main exported goods include daily necessities, packaging materials, fruits and vegetables, machinery parts, and building materials. There is a lack of high-tech, high-quality, and high-value-added technology-intensive products. In terms of investment in Myanmar, Tengchong City actively carries out overseas agricultural cooperation with the "agriculture as a bridge" model. In 2020, a total of 22 foreign trade enterprises engaged in agricultural cooperation and alternative planting and breeding businesses in northern Myanmar, mainly focused on banana planting, with a cooperative planting area of 420,000 acres.[3] In 2020, the reimport of bananas reached 725,000 tons. However, due to the impact of the COVID-19 situation in Myanmar, the scale of overseas agricultural cooperation has greatly reduced since 2021, with the banana planting area currently reduced to 250,000 acres, and 429,000 tons of banana reimport in 2021, a decrease of 40.74%.

Table 4: Traffic Statistics at Houqiao Port from 2018 to 2020.(Data source: "China Port Yearbook 2021".)

Year	Freight volume (ten thousand tons)				Personnel (ten thousand people)				Transport flow(vehicle)			
	Export	Import	Total	Year-on-year growth(%)	Outbound	Inbound	Total	Year-on-year growth(%)	Outbound	Inbound	Total	Year-on-year growth(%)
2018	39.36	232.71	272.07	-2.30	26.63	27.40	54.03	22.80	96344	95420	191764	30.40
2019	37.10	321.85	358.95	31.90	33.51	34.43	67.94	25.70	110822	110531	221353	15.40
2020	59.44	278.04	337.48	-5.98	7.46	7.45	14.91	-78.05	36701	37014	73715	-66.70

Table 4 provides statistics on the cargo volume, personnel, and traffic flow at Houqiao Port from 2018 to 2020. In 2019, the cargo volume at Houqiao Port reached 3.5895 million tons, a

year-on-year increase of 31.9%. The flow of inbound and outbound personnel and vehicles reached a peak in recent years. Due to the impact of the COVID-19 pandemic, in 2020, the cargo volume, personnel, and traffic flow at Houqiao Port experienced a significant decline, with a 78% year-on-year decrease in personnel flow. According to data from the Tengchong City Bureau of Commerce, in 2021, influenced by the continuous impact of the epidemic situation in Myanmar, Houqiao Port had a cargo volume of 2.177 million tons, with 75,400 inbound and outbound personnel and 65,400 traffic vehicles. Looking at the import and export trade data of Houqiao Port, the region's foreign trade has been in a long-term deficit. There are several reasons for this. Firstly, China's overall exports are mainly focused on processing trade and labor-intensive products, but currently, Tengchong lacks corresponding enterprises and products, and exports mainly rely on frontier residents exchange, with daily necessities being the main export products, resulting in a relatively single export product structure. Secondly, Houqiao Port's foreign trade is connected to Myanmar's Kanpaiti Port, while Ruili Port is connected to Myanmar's Muse Port. Muse Port's border trade accounts for about 70% of Myanmar's total border trade. From the perspective of port infrastructure and transportation conditions, Ruili Port has more prominent export advantages. [4]

4. Problems in the development of Houqiao Port trade

4.1 Relatively single structure of imported and exported goods

In Houqiao Port's foreign trade, the main exported goods are machinery and electrical equipment, vehicles, and labor-intensive products, while the majority of imported goods are primary products such as agricultural products, gemstones, and mineral fuels. The imbalanced value of exported goods between the two sides can easily lead to trade frictions. Although there is some complementarity in the trade structure between the two sides, the single and significant differences in the structure of imported and exported goods may deteriorate the economic and trade relationship between the two countries, resulting in an imbalanced trade pattern.[5] In addition, the development of overseas agricultural cooperation is unbalanced, with an unreasonable planting structure and a much larger proportion of banana planting. The radiating effect of overseas agricultural cooperation is not significant. Located on the southwestern border, Tengchong lacks talent, technical support, and financial support, the production and processing capabilities of products are relatively weak, and the technological content and added value of exported products are low, making it difficult to maintain high competitiveness in the Myanmar market.

4.2 Outdated port infrastructure

Currently, there is a funding gap and significant lag in infrastructure construction at Houqiao Port. The Heinitang area of the port lacks supporting infrastructure, resulting in lower attractiveness for the entry of enterprises and businesses. Although the inspection yard in the Xiajie area of the port has been put into use, its functions are relatively single, and its hub linkage function has not been fully utilized, making it difficult to drive local industrial development. [6] Insufficient human resources at the port lead to low clearance efficiency, especially during the harvest season of overseas agricultural cooperation planting, which causes congestion at the port. Kanpaiti Port, which Houqiao Port is connected to, has weak infrastructure and insufficient functional configuration, resulting in a situation where equivalent port supervision and clearance services cannot be conducted. Therefore, port infrastructure construction is an urgent issue for both governments to solve, resolving this issue is crucial for promoting regional economic development and improving the efficiency of China-Myanmar border trade.

4.3 International logistics channel is open but not smooth

The Tengmi Highway is a road connecting Tengchong in Yunnan to Myitkyina in Myanmar. It was completed and opened in 2007. The region experiences heavy rainfall and complex geological conditions. After more than a decade of overloaded operation, the road surface has aged significantly, resulting in poor quality of cross-border road transportation. The railway transportation line from Myitkyina to Mandalay suffers from a poor existing foundation, slow speed, and low efficiency, making it difficult to increase transportation capacity. The construction and operation of the highway from Myitkyina to Mandalay is still in the planning stage and remains a considerable distance away. The construction progress of the Mi-Pan Road (Myitkyina-Pangsau) has been slow due to significant funding gaps. Although the Bangladesh-China-India-Myanmar International Corridor has taken shape, it has not yet achieved full interconnectivity. Economic and trade cooperation is limited to the northern region of Myanmar radiated by the Tengmi Highway, and the connection between Baoshan, Yunnan, and the Indian and South Asian markets has not been fully realized.

4.4 Inequality in trade policies between China and Myanmar

Although Houqiao Port and Kanpaiti Port are national-level ports for both China and Myanmar, individuals from both sides and third countries cannot pass through with passports. The weak infrastructure and inadequate functional configuration of Kanpaiti Port have resulted in an unequal situation in port clearance management. Myanmar cannot carry out port supervision and clearance services in line with the functions of a national first-class port, passage is limited to bilateral citizens and goods holding border crossing permits, which no longer meet the current need for expanding openness. In addition, the fluctuating nature of Myanmar's border trade policy and security issues related to overseas trade projects pose certain risks and hidden dangers to the development of bilateral trade.

5. Discussion on strategies for the development of Houqiao Port trade

5.1 Seize development opportunities and accelerate the construction of cross-border economic cooperation zones with Myanmar

Cross-border economic cooperation zones can promote liberalization of cross-border trade and investment, reduce trade barriers, and provide broader market opportunities for port trade development. Houqiao Port should take advantage of the construction of the China-Myanmar-India International Corridor and the Bangladesh-China-India-Myanmar Economic Corridor to speed up communication and contact with Myanmar, actively coordinate and accelerate the construction of industrial parks and cross-border economic cooperation zones. The construction of the 'China-Myanmar Houqiao-Kanpaiti Cross-border Economic Cooperation Zone' should reduce trade barriers and procedural complexities on the existing basis. Additionally, it should strengthen trade agreements and cooperation with Myanmar, as well as with Southeast Asian and South Asian countries in the radiation area. Simplification and standardization of trade procedures, acceleration of customs clearance processes, and provision of one-stop services are important. Moreover, establishing e-commerce platforms and digital trade systems, promoting the cross-border economic cooperation zone as a key local project, and providing faster and more efficient trade channels for enterprises should be done. Finally, applying for and obtaining approval as a national-level cross-border economic cooperation zone should be pursued at the national and provincial levels.

5.2 Innovative trade cooperation methods and adjustment of commodity trade structure

Currently, Yunnan-Myanmar trade cooperation is mainly based on traditional general trade and border trade. There is a need to continuously innovate trade cooperation methods between Yunnan and Myanmar. Houqiao Port can actively engage in compensation trade in terms of trade structure, providing technology and equipment to Myanmar while conducting local production. By using the output commodities as compensation for the materials and technology provided by China, compensation trade can indirectly assist Myanmar in introducing advanced technology and help alleviate the rapid increase in labor costs in China by utilizing low-cost labor. [7] Additionally, attention should be given to expanding complementary trade, finding areas of shared interest, accelerating the adjustment of Tengchong's industrial structure, promoting industrial upgrading, nurturing pillar industries and emerging industries, exploring complementary advantages in areas such as new energy, information technology, energy conservation and environmental protection, and human resources. Cooperation should be strengthened in areas such as production capacity, tourism, investment, and service trade. The development model of “port + new industries” should be actively explored, leveraging Tengchong's biological resources and tourism and cultural characteristics to enhance the economic driving capacity of the port. [8]

5.3 Strengthening port infrastructure construction and improving logistics management system

The infrastructure construction of ports is the hardware foundation for the completion of the China-Myanmar Economic Corridor. There is an urgent need to strengthen inter-connectivity in transportation, communication technology, and accelerate the construction of comprehensive service facilities to improve the port's integrated transportation system. Houqiao Port, as an important trade port between Yunnan and Myanmar, mainly transports goods between the China-Myanmar border through freight vehicles. Based on this, Houqiao Port should focus on opening up important checkpoints, enhancing infrastructure construction between the two ports, and simultaneously relaxing restrictions on vehicle types, personnel, and types of goods, while formulating unified and coordinated standardized management, such as road sign placement, transportation regulations, etc. Both sides should further strengthen logistics information sharing and cooperation, optimize goods transportation and warehousing management. In addition to logistics infrastructure, at the communication technology level, negotiations on internationally recognized communication equipment standards such as signal settings and network interfaces should be conducted as soon as possible to lay a convenient communication foundation for the construction of the economic corridor. Border trade between Yunnan and Myanmar is not only an economic corridor but also a corridor for people's livelihood, development, and cooperation. Efforts should be made to accelerate the improvement of infrastructure construction and logistics management systems of Houqiao Port and the connecting ports, ensuring efficient and smooth port operations.

5.4 Enhancing mutual trust and cooperation to safeguard common interests

The economic development of Houqiao Port cannot be separated from maintaining stable and trustworthy political relations with Myanmar. In recent years, with the joint efforts of all parties, the friendly cooperative relationship between China and Myanmar has maintained a stable development momentum. Both sides should strengthen intergovernmental exchanges, consider each other's demands, safeguard core interests, and enhance political mutual trust. Efforts should be made to build a closer development partnership, make comprehensive strategic plans, and clarify the

cooperation framework. Adhering to the main theme of good neighborliness, friendship, and mutually beneficial cooperation, the scope of cooperation between the two countries should be continuously expanded to create a safe and stable external environment for the economic development of Houqiao Port.

6. Conclusion

Tengchong Houqiao Port is the focus of Baoshan City's opening-up and an important gateway for trade between Yunnan Province and Myanmar. It plays a unique role in promoting the development of Yunnan-Myanmar trade. This article takes the example of Tengchong Houqiao Port and analyzes the trade status and challenges of the port based on relevant economic data and information. It believes that the current challenges faced by Houqiao Port mainly lie in several aspects: a single commodity trade structure, weak port infrastructure construction, poor international logistics channels, and inadequate policies. The next step should be to accelerate the construction of cross-border economic cooperation zones, explore different trade cooperation methods, optimize trade structure, strengthen port infrastructure construction, and improve the port's logistics management system. This will promote the development of regional trade and investment within the port area, better leverage its unique advantages, and achieve mutual benefits and win-win outcomes.

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