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# EUROPEAN CHAMBER OF COMMERCE IN MYANMAR

EuroCham serves as the voice of European business in Myanmar. Its main mission is to significantly increase the presence of European companies in the country and to facilitate market access particularly for European SMEs – by advocating for member interests with the government and organisations in Myanmar, the ASEAN region and the EU.

With a strong, growing network of partners, EuroCham offers on-the- ground assistance for European businesses interested in commercial endeavours in Myanmar, whether in the form of advocacy, business services, research or networking.

Myanmar currently finds itself at a political and economic crossroads. After opening up to the world in 2011 and holding its first credible elections for decades in 2015, interest within the European business community in the many underdeveloped economic sectors in the country is on the rise.

Now that Myanmar is re-entering the global community, there is no better time and opportunity for the European business community – and particularly EU SMEs – to invest in one of the fastest growing economies in the world.

This sector guide provides entry-level information for European companies planning to enter this fascinating frontier market. Please contact us for further information and support.

Yangon, November 2016





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## ACRONYMS

<i>GDP</i>	<i>Gross Domestic Product</i>
<i>FMCG</i>	<i>Fast-moving consumer goods</i>
<i>MGS</i>	<i>Myanmar Golden Star</i>
<i>CDSG</i>	<i>Capital Diamond Star Group</i>
<i>DICA</i>	<i>Directorate of Investment and Company Administration</i>
<i>MIC</i>	<i>Myanmar Investment Commission</i>
<i>UMFCC</i>	<i>Union of Myanmar Federation of Chambers of Commerce and Industry</i>
<i>FIL</i>	<i>Foreign Investment Law</i>
<i>ASEAN</i>	<i>Association of Southeast Asian Nations</i>
<i>AEC</i>	<i>ASEAN Economic Community</i>
<i>GPS</i>	<i>Global Positioning System</i>





# 1. SECTOR OVERVIEW





The consumer goods sector is one of Myanmar's fastest-growing business areas, thanks to the country's booming economy, increasing purchasing power, and relatively young population compared with neighboring countries. For the majority of international consumer goods brands and for local investors, Myanmar presents a significant investment opportunity for consumer goods across a range of areas. Gaining momentum from the political and economic liberalization reforms, as well as the introduction of policies that encourage international investment and promote trade, the consumer goods sector has been marked by a number of major foreign investments. These have ranged from alcoholic beverages (Heineken, Carlsberg, Kirin) to soft-drinks (Coca Cola, Pepsi) to personal care products (Unilever, Procter and Gamble).

The country's retail sector is beginning to expand, as indicated by the spread of new outlets opened by local supermarket businesses such as City Mart Holdings Limited. So far, the retail sector's expansion has been mostly limited to local investments mainly in urban centers such as Yangon, Mandalay and several other big cities. However, there is the potential to expand to other regional cities in the future. At the same time, the consumer goods sector is expanding, as a result of foreign investment in local manufacturing for international brands. According to Oxford Business Group, from 2012 to the end of 2014, Myanmar's retail sector expanded by 7-15% per year, in line with overall GDP (Gross Domestic Product) growth in excess of 7% over the same period.

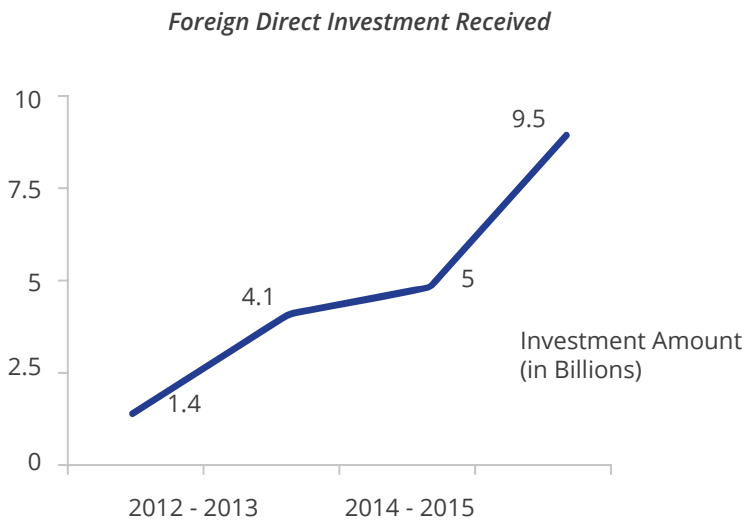


Fig 1: Foreign Direct Investment Received (Source – Directorate of Investment and Company Administration (DICA))

## 1.1. CURRENT MARKET SITUATION

Rapid economic growth, increasing purchasing power and urbanization, and the consumerisation of the internet and digital communications have all contributed towards bringing Myanmar's emerging middle class greater exposure to international brands.

In addition, the sector will benefit from the evolving buying preferences of the young and aspirational urban middle-class, who are looking to spend their increasing incomes on international brands which have an established international reputation. Overall, there is a rising tide of consumerism among urban populations in Yangon and Mandalay, a combination of the rise in income with the increased access to foreign brands ever since the country began to open up in 2012.

As of 2015, Myanmar had a population of over 53 million, with just 30% of this population living in urban centres. Purchasing patterns for consumer goods in Myanmar are influenced by a range of factors, including the suggestions of friends and family members or other opinion groups, brand loyalty, ease of availability, visible marketing and income levels. The extent to which a company understands and balances these influences will dictate whether a new consumer goods brand launch will be successful initially – or not.

World Bank data indicates that per capita income in Myanmar rose from just under USD 800 per year in 2010 to nearly USD 1,300 by 2015, a 50% increase. McKinsey's Global Institute finds that rising discretionary expenditure and increased market efficiencies could push consumer spending in Myanmar to more than USD 100 billion per year by 2030, a near-tripling of the current figure of USD 35 billion.

## 1.2. CONSUMER GOODS SECTOR STATISTICS

McKinsey's Global Institute has also predicted that Myanmar's GDP will expand by more than 400% by 2030, from around USD 45 billion to USD 200 billion. The group said that rising incomes would fuel the expansion of the country's consumer class, jumping in size from 2.5 million people to 19 million over the same period.

Myanmar's fast-moving consumer goods (FMCG) sector has grown by 15% over the last four years, according to Nielsen Emerging Markets Research in 2014. Yangon's retail market is set for major changes with a number of modern shopping formats slated to be introduced within the next 5-10 years. The supply of retail real estate is expected to double by 2018, with over 250,000 square metres (sqm) of retail space currently in the pipeline. Though the majority of the new supply is in mid-to large-scale shopping centres, the number of supermarkets and convenience stores such as 'City Express' and 'Grab & Go' is similarly growing, and the businesses have extensive expansion plans.

According to Myanmar Insider, at the end of the third quarter of 2014, Yangon's total retail gross leasable area was approximately 150,000 sqm. This included a variety

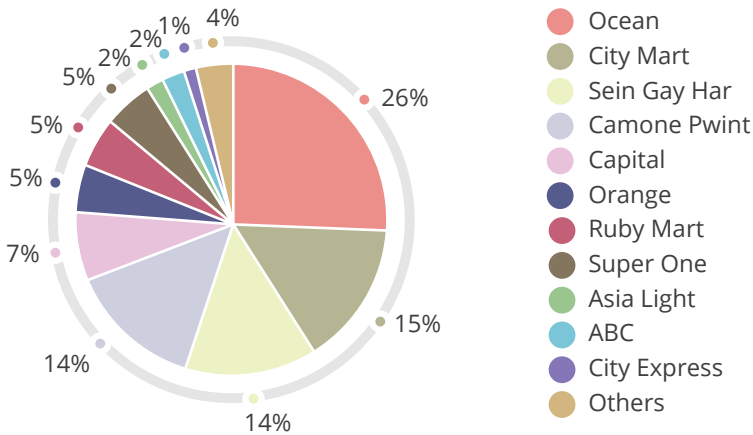
of retail formats such as shopping malls, department stores, hypermarkets, and support retail components integrated in residential and commercial developments. On a quarterly basis, the retail stock was unchanged, but year-on-year the figures showed it had increased by 25.2%.

The boom in construction followed the relaxation of the rules by the Ministry of Construction, and the past few years saw record efforts to build modern residential and commercial buildings. The majority of the retail developments have been community shopping centres and lifestyle malls that house both local and international retail brands. Many of these commercial projects remain under way, demonstrating the ongoing growth of the retail sector.

Unlike other commercial sectors, Myanmar’s retail market is broadly characterised as a domestically-dominated market with mostly local tenants. However, future modern retail developments bode well for foreign brands, especially mid-tier priced items in the popular clothing, accessories and apparel lines, as well as fast-moving consumer goods.

The following chart illustrates the share of sales floor area occupied by modern retail chains.

*Share of Sales Floor Area By Modern Retail*



*Fig1: Supermarket Sales Floor Area Share (Source: City Mart Holdings Co.,)*

In terms of share of branded FMCG goods with modern retail operations, City Mart supermarkets have the majority of market share, representing nearly half of all the existing retailers. City Mart has two other sister companies: Ocean, a chain of supermarkets at the same level as City Mart, and City Express, a chain of modern retail stores similar to 7 Eleven in other countries. Branded FMCG products in this case include global brands such as Unilever, Procter & Gamble, Gillette, Dutch Lady, Nestle, etc.

**Share of Branded FMCG Goods by Modern Retail**

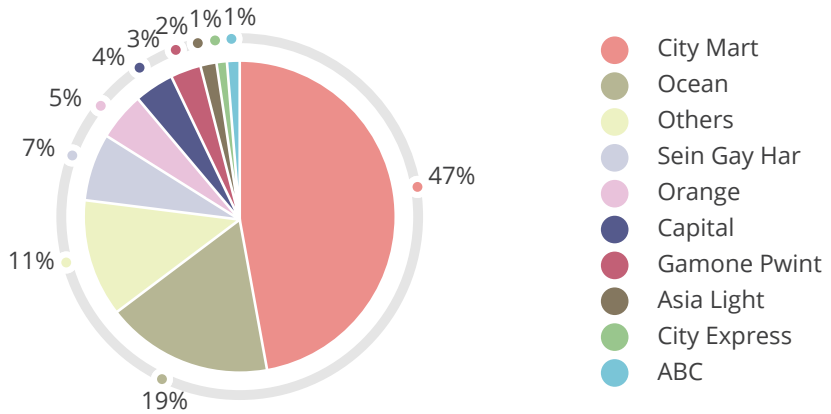


Fig 2: Share of Branded FMCG Goods by Modern Retail (Source: City Mart Holdings Limited)

The typical Myanmar consumer allocates 47% of their monthly household spending to cover food and other groceries, household products, and personal care products.

### Myanmar Consumers' Monthly Household Expenses

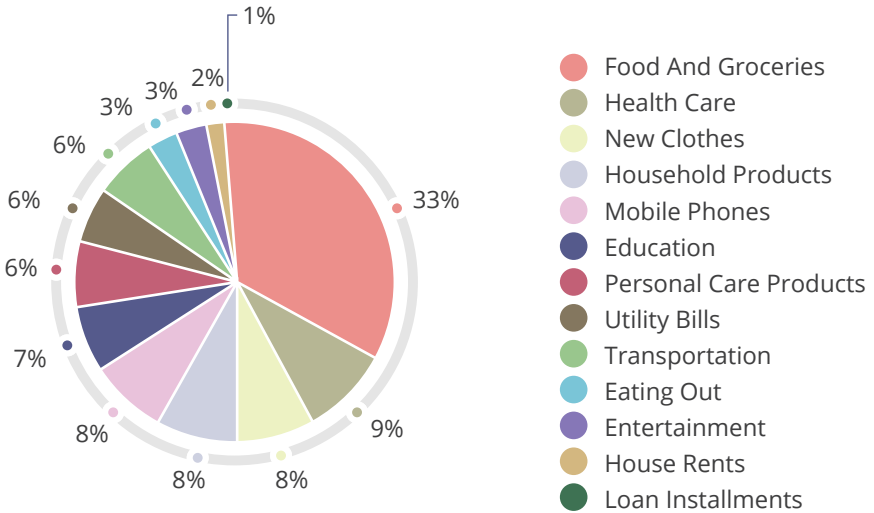


Fig 3: Monthly Household Expenses (Source: Nielsen Emerging Markets Research 2014)

According to a study by Thura Swiss, 46% of Myanmar's population has a monthly household income of between USD 83 and USD 250.

**Monthly Household Income Distribution by Percentage of Population**

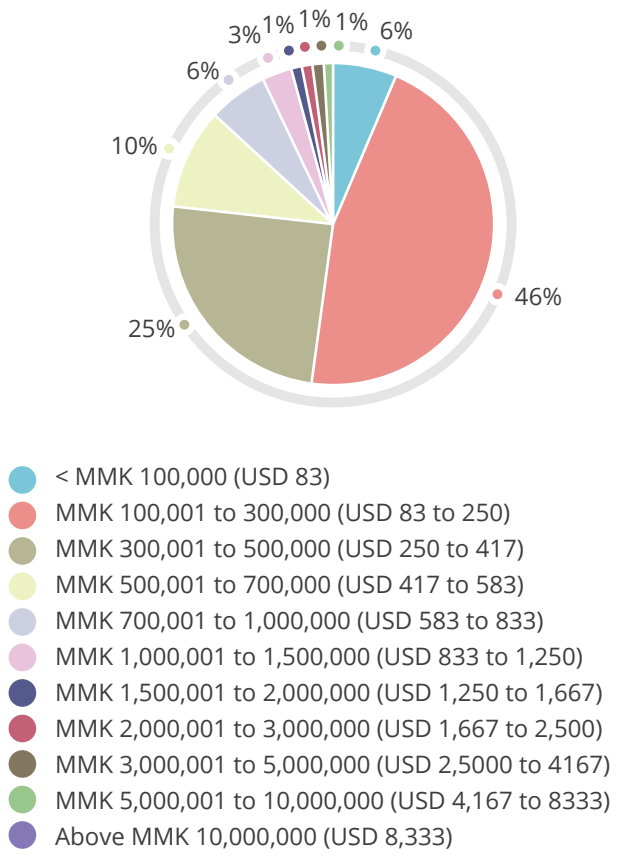
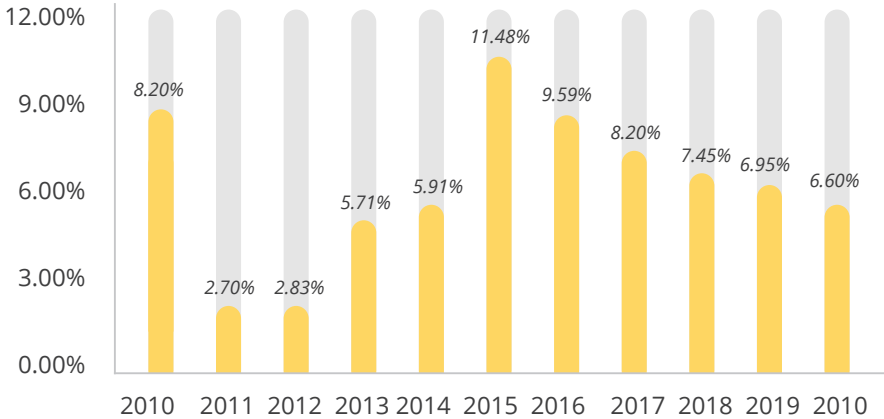


Fig 4: Monthly Household Income Distribution by Percentage of Population (Source: Thura Swiss Survey 2016)



The Myanmar Kyat's inflation rate was recorded at 11.41% as of December 2015. Inflation had averaged 6.2% from 2010 until 2015. Although inflation remains high, it is expected to gradually decrease in future as the currency strengthens and exports grow.

*Inflation rate from 2010 to 2020 (compared to the previous year)*



*Fig 5: Historical and Projected Inflation Rate (2010-2020) (Source: World Bank)*



## **2. INVESTMENT OPPORTUNITIES**



## 2.1. POTENTIAL OPPORTUNITIES FOR FOREIGN COMPANIES

When considering potential investment opportunities, it is important that foreign companies analyse the strengths and weaknesses of local counterparts, as well as the challenges that have held back their expansion.

### Strengths and weaknesses of local companies

#### *Strengths*

The strengths of Myanmar consumer goods companies lie in their ability to understand local market needs, such as cultural issues impacting purchase decision making; having an established distribution network and sales-force; and boasting established brand names (serving as competition to new foreign brand entrants). Having existed in the market long before the sector was open to foreign investors, local companies have a first mover advantage of serving the market and having established their brand name, and trust in that name, in the minds of Myanmar consumers.

#### *Weaknesses*

Despite having first mover advantage and relatively large market share, local companies are also constrained by a number of factors.

One of the major weaknesses of local companies is the lack of financial capital to expand. This includes limitations on the development and launch of new products, the extension of current product lines, diversification into new consumer goods products, plus marketing and branding activities, etc. Moreover, their appetite for business risk is relatively low, while corporate governance, structure, and management are at times not up to international standards, especially among small-to-mid size consumer goods companies.

A common weakness of local consumer goods companies which holds them back from rapid expansion is the lack of advanced technologies or technical capacity in manufacturing. This has an impact on the effectiveness and efficiency of manufacturing processes as well as diversification issues.

Local companies are also weak in research and development initiatives, with restricted budgets for new product development and innovation. The failure to embrace a philosophy that emphasises the importance of market research, product testing, and focus group discussions is a common characteristic of local companies.

#### *Areas of investment for foreign investors*

There are many areas of investment for potential foreign investors in Myanmar in the consumer goods and retail sector. The following section highlights some of the major investments made by international investors over the last few years, as a way of illustrating the types of consumer goods which have seen market growth.

2014

- US beverages giant PepsiCo, Inc. and Lotte-MGS Beverages Co., Ltd, the company's bottler in Myanmar, announced that Pepsi-Cola will be locally produced for the first time since 1997.
- Carlsberg signed a USD 75 million partnership with Myanmar Golden Star (MGS) Breweries in 2013, for a 51% stake in joint venture Myanmar Carlsberg Co., Ltd. Besides Carlsberg beer, the company also launched Tuborg and a new, local brand named Yoma.
- With an investment of USD 22 million, Japan-based Asahi group partnered with local beverage manufacturer Loi Hein Group to establish a new beverage company producing soft drinks, tea and juices.
- In September 2014, Nestle announced it will invest around USD 50 million into Myanmar's food and beverage industry over the next five years.
- In October 2014, US-based Colgate-Palmolive acquired home-grown personal care products brand Laser from Shwe Ayar Nadi for USD 100 million.
- KFC announced an agreement in October 2014 with Singapore-listed Yoma Strategic Holdings to bring the restaurant chain to Myanmar.

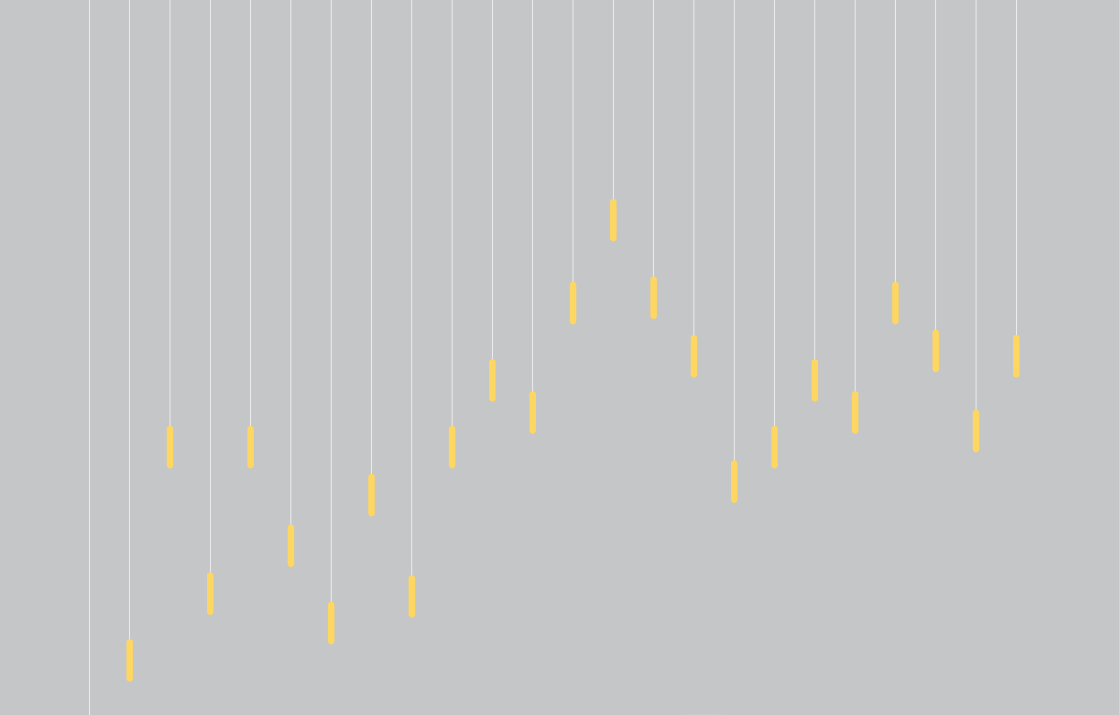
2015

- Japan's Kirin Holding bought a 55% stake in Myanmar Brewery for USD 560 million, to launch locally-brewed Kirin Ichiban beer.
- Japan's Mitsubishi Corporation and Myanmar's Capital Diamond Star Group (CDSG) formed a food manufacturing and distribution JV, with Mitsubishi investing over USD 200 million for the next three years.

2016

- Hitachi Home Electronics Asia (S) Pte. Ltd. announced that it has established Hitachi Home Electronics Myanmar Co., Ltd., starting from April 2016, with the aim of gaining high market share in the home consumer business segment.

No.	SECTOR	RECENT INVESTMENTS	ANALYSIS
1	Food & beverages		Food and groceries make up the largest percentage of an average Myanmar household's consumption.
2	Personal care, household care and hygiene care products		After food and beverages, personal care and household products are the next most purchased items in a typical consumer's shopping basket. Since 2011, consumer goods and personal care products have seen 15% growth.
3	Consumer electronics		Mobile devices and phones have been the most popular consumer electronics products with high turnovers as the telecom boom took off from 2014 on. Televisions, washing machines, refrigerators and air-conditioners are also popular consumer electronics categories.
4	Fashion & apparel		Buying new clothes takes up a third of the average consumer's monthly expenses. As it is now possible to order luxury brands online, and spending on fashion products is increasing generally, this sector is expected to grow further still as purchasing power increases. A large number of luxury consumer goods brands have entered the country over recent years and many more are expected to follow.



# 3

## **3. GOVERNMENT RULES AND REGULATIONS ON FOREIGN INVESTMENTS**



### 3.1. GENERAL LEGAL/INVESTMENT STRUCTURE INFORMATION

In 2012, Parliament approved the Foreign Investment Law (“FIL”), currently the cornerstone of reform for foreign investment. Key points and incentives as set forth in the FIL are as follows:

- Foreign investors are permitted to own 100% of businesses which are not in the restricted or prohibited lists;
- Businesses set up under the FIL enjoy an initial 5-year tax holiday;
- Foreign investors may lease land for their business;
- Repatriation of profits after taxes and relevant funds is allowed through banks prescribed by the MIC in the relevant foreign currency and at the prevailing official exchange rate. Further approval for repatriation is required from the Central Bank of Myanmar.

Under the FIL, a foreign investor may seek to conduct business in Myanmar in any of the following manners:

- As a 100% foreign-owned entity;
- By way of a joint venture with a Myanmar citizen or the Myanmar Government;  
or
- By way of a “system contained in a contract approved by both parties” (it will usually be a cooperation system between the government and private including BOT and BTO systems).

For investments permitted only under a joint venture with citizens, the foreign investment capital ratio may be up to 80%. Insofar as an investment requires the recommendation of a relevant Ministry, a different shareholding ratio may be imposed.

October 2016, the Union Parliament enacted the new Myanmar Investment Law, which consolidates the Foreign Investment Law 2012 and the Citizens Investment Law 2013 into one. However, the governing rules and regulations are still in the drafting process. These regulations will be key for the specifics of establishing a business in Myanmar, indicating if investors will be able to set up a 100% wholly-owned enterprise or if they will need to set up a joint-venture with a Myanmar owner. In addition, the new law ensures that there is a level playing field for investors. It will be consistent with best practice in the ASEAN region, and prepare Myanmar for inclusion in the ASEAN Economic Community (AEC).

### Myanmar Investment Commission (MIC)

Companies registered under the Myanmar Companies Act as industrial companies or service companies may apply for an investment permit from MIC in order to enjoy tax incentives and other guarantees.

## Upcoming Laws

New laws that will be of central importance for foreign investment are currently being drafted. The new investment law has recently been approved.

The Myanmar Companies Act is being drafted with the assistance of Asian Development Bank in order to replace the century-old Companies Act (1914). The new Myanmar Companies Act is expected to facilitate economic reform initiatives in the banking and finance sector, including Yangon Stock Exchange, and set out clear regulations for better corporate governance.

DICA has announced that the following relaxations will be made in an attempt to attract more foreign investments.

- Easing long-term land lease requirements
- Allowing foreign players to participate in the stock market
- Allowing foreign investors to hold small stakes in local companies operating in the sectors which were previously deterred from foreign ownership

## 3.2. CONSUMER GOODS-RELATED RULES AND REGULATIONS

The MIC published Notification 26/2016, which distinguishes business activities based on the permitted types of ownership. It also lists the prohibited and restricted activities for foreign investment (please refer to the annex for full list).

### Activities permitted for 100% foreign ownership

Business activities which are not listed in the MIC notification can be carried out with 100% foreign investment.

### Activities permitted for joint venture

The following business activities can be permitted in the form of a joint venture with a Myanmar citizen or government.

## ACTIVITIES PERMITTED ONLY BY WAY OF A JOINT VENTURE WITH MYANMAR CITIZENS

### SECTOR

### DESCRIPTION

Manufacturing of consumer goods

Manufacturing and domestic marketing of cereal products and confectionery

Manufacturing and preserving, canning and domestic marketing of other food products except milk and dairy products

Manufacturing and marketing of malt, malt liquors and non-aerated products and purified ice

Manufacturing of purified drinking water, plastic and rubber

Packaging

Manufacturing and marketing of all kinds of paper, raw materials for paper and paper-related products

Distilling, blending, rectifying, bottling and marketing of all kinds of spirits, alcohol, alcoholic and non-alcoholic beverages

Manufacturing of pharmaceutical raw materials

Manufacturing and marketing of soft beverages, aerated and non-aerated products

Production of seasoning powder

Foreign investment is permitted only by way of a joint venture with Myanmar citizens. The foreign capital invested in a joint venture between a foreign investor and a Myanmar citizen must not exceed 80% of the total investment amount.

## Prohibited Activities

The following activities are prohibited from foreign ownership.

- Activities related to the electric distribution network such as power system control and power trading
- Manufacturing of arms and ammunition and related services Foreign retail chains are not allowed at the moment.



## **4. CHALLENGES AND OUTLOOKS**

As with any developing country's economy, several challenges remain for potential investors.

According to the World Bank, Myanmar has one of the lowest electrification rates in the world, 33% in 2014, which means that reliable grid electricity was accessible by only one-third of the population. Perishable and frozen foods will be impacted by unstable electricity and power cuts.

Myanmar's poor logistics network, with its dilapidated nationwide transport infrastructure and weak logistics compatibility, poses an obstacle for foreign investors in the movement of goods. As such, nationwide distribution coverage is not common for most consumer goods brands. Third-party logistics providers with extensive country-wide distribution networks are also limited.

Moreover, the 2014 census revealed a huge urban-rural divide, with some 70% of the population living in rural areas and only 30% in urban centres. Lifestyles, purchasing power, and purchasing influences differ greatly between the two, given the associated factors such as the differences in the availability of consumer goods, income levels and other social factors, etc.

There is also an absence of a cold storage supply chain network for perishable and frozen food. It is challenging, time consuming and expensive to distribute in remote areas, particularly the hilly regions. Moreover, distribution efficiencies are also affected by unreliable internet and mobile phone connectivity necessary for GPS (Global Positioning System) and fleet management systems.

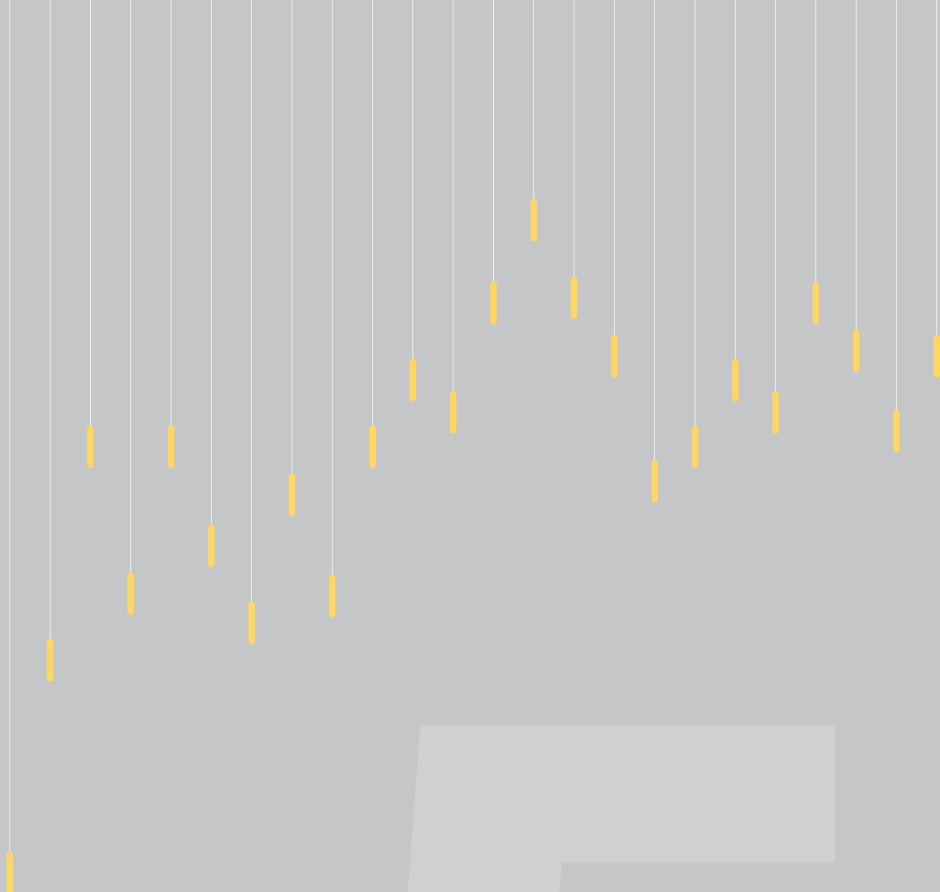
Despite the high proportion of youth, there is a limited pool of skilled employees in Myanmar. This makes the recruitment and retention of high quality local staff difficult and expensive given the high demand from competitors across sectors.

Local consumers tend to have strong brand loyalty and it takes a substantial amount of time and marketing to influence them to switch from established brands holding first-mover advantages. Local consumption habits continue to favour local products, though this is largely due to availability. In the beer sector, for example, Myanmar Brewery accounts for more than 80% of sales.

Despite these challenges, the consumer goods sector in Myanmar has performed well in recent years, experiencing increases in income levels, purchasing power, and the entrance of international brands.

Myanmar's current economic outlook is positive, as it continues to implement economic reforms and policies initiated by the previous government. Myanmar will join the AEC in 2018 which is expected to bring many benefits to the country's economy. Judging from the current trend of consumer goods investment and usage, growth is expected to continue as the economic climate improves, in turn providing Myanmar's population with an increased ability to purchase consumer goods.





# 5

**5. INDUSTRY CONTACT  
INFORMATION**

## 5.1. GOVERNMENT OFFICES

The Ministry of Commerce is responsible for the trading of consumer goods, as trade activities can only be conducted with licenses from the Ministry. Trading licenses are issued both in Nay Pyi Taw and Yangon.

### *Ministry of Commerce*

<b>MAILING ADDRESS</b>	Director General Department of Trade Ministry of Commerce Building No. 3, Office Compound, Nay Pyi Taw
<b>DIRECTEUR GENERAL</b>	+ (95) 67- 408 002, 408 265, 408 485
<b>YANGON OFFICE</b>	Address: 228- 240, Strand Road, Yangon Ph: (95) 1- 251 197

The Customs Department plays a vital role in trading transactions and is also under an arm of the Ministry of Commerce.

<b>MAILING ADDRESS</b>	No.(132), Strand Road, Kyauktada Township Yangon
<b>CONTACT</b>	+ (95) 67- 408 002, 408 265, 408 485 + (95) 1 – 379 423, 379 426 to 9

## Ministry of Planning and Finance

The Directorate of Investment and Company Administration (DICA) and the Myanmar Investment Commission (MIC) are the focal bodies for the incorporation of foreign-owned entities, and are under the authority of the Ministry of Planning and Finance. Companies need to be aware of updates from MIC so as to be kept abreast of the investment climate's evolving legal dynamics.

<b>MAILING ADDRESS</b>	Director General Directorate of Investment and Company Administration Ministry of National Planning and Economic Development Building No. 32, Office Compound, Nay Pyi Taw
<b>DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION</b>	Address: No.1, Thitsar Road, Yankin Township, Yangon  + (95) 1- 658 143, 657 891, +(95) 67- 406 471
<b>MYANMAR INVESTMENT COMMISSION</b>	Address: No.1, Thit Saw Road, Yankin Township, Yangon
<b>CONTACT</b>	+ (95) 1- 657 891, 658 127 to 30

## City Development Committee

Respective city development committees also play important roles for consumer goods companies in setting up manufacturing footprints. Investors need to apply for construction permits from respective city development committees to start construction.

<b>ENTITY NAME</b>	<b>PHONE NUMBER</b>
Yangon City Development Committee	+ (95) 1 – 248 112, 370 982, 382 565
Mandalay City Development Committee	+(95) 2 – 69 961

## 5.2. BUSINESS ASSOCIATIONS

Most of the business associations are formed under the auspices of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and are located at the UMFCCI building.

### UMFCCI

Address : No. 29, Min Ye Kyaw Swar Street, Lanmadaw Township, Yangon  
Ph : + (95) 1- 231 4344 ~ 49 (Ext: 122)  
Email : ird@umfcci.com.mm

### Myanmar Retailers Association

Address : Room No. (409), La Pyay Wun Plaza, Alan Pya Pagoda Street, Dagon Township, Yangon.  
Tel : +(95) 9-314 225 55, 314 227 77



## ANNEX 1: Notification No. 26/ 2016

Notification 26/2016 categorises business activities based on their permitted types of ownership. Activities which are not specifically listed in the below can be carried out with 100% foreign ownership.

### List of Economic Activities under Prohibition

#### No. TYPES OF BUSINESS ACTIVITIES

- 1 Manufacturing and related services of arms and ammunition for national defence
- 2 Activities that can damage mangrove forests, religious places and places where traditional worship is done, grazing land, hill-side cultivation, farmland and water resources
- 3 Conservation and management of natural forests
- 4 Prospecting, exploration and production of jade/gem stones
- 5 Production of minerals by medium scale and small scale
- 6 Supervisory control of electric power systems
- 7 Inspection of Electrical works
- 8 Air navigation services
- 9 Exploration of minerals including gold in the rivers and waterway
- 10 Pilotage
- 11 Cross ownership between print media and broadcasting media service without approval of the Union Government
- 12 Periodicals in languages of national races including Myanmar

## Types of Business Activities permitted to be carried out in the form of a joint venture with Myanmar Citizens

### No. TYPES OF BUSINESS ACTIVITIES

- 1 Manufacturing and domestic marketing, sale and distribution of biscuits, wafers, all kinds of noodles, vermicelli and other cereal-related food products
- 2 Manufacturing and domestic marketing, sale and distribution of all kinds of confectionary including sweets, cocoa and chocolate
- 3 Preserving, manufacturing, canning, and domestic marketing of other food products except milk and dairy products
- 4 Manufacturing and marketing of malt and malt liquors and non-aerated products
- 5 Distilling, blending, rectifying, bottling and marketing of all kinds of spirits, alcohol, alcoholic beverages and non-alcoholic beverages
- 6 Manufacturing and marketing of all kinds of purified ice
- 7 Manufacturing of purified drinking water
- 8 Manufacturing and marketing of all kinds of ropes
- 9 Manufacturing and domestic marketing of enamelware, cutlery, crockery of all kinds
- 10 Manufacturing and domestic marketing of plastic wares
- 11 Packaging
- 12 Processing of hides, skins and leathers of all kinds, excluding synthetic leather, and manufacturing and domestic marketing thereof including footwear, handbags, etc.
- 13 Manufacturing and marketing of all kinds of paper, raw materials for paper, all kinds of products made by paper, paper boards including carbon paper, waxed paper, toilet paper, etc.
- 14 Manufacturing, and marketing of chemicals based on natural resources available domestically (excluding products of petroleum and gas)

- 15 Manufacturing and marketing of solid, liquid, gaseous and aerosol (Acetylene, Gasoline, Propane, Hairsprays, Perfume, Deodorant, Insect spray) (excluding products of petroleum and gas, petroleum-related products)
- 16 Manufacturing and marketing of Oxidants (Oxygen, Hydrogen, Peroxide) compressed (Acetone, Argon, Hydrogen, Nitrogen, Acetylene)
- 17 Manufacturing and marketing of corrosive chemicals (Sulphuric Acid, Nitric Acid)
- 18 Manufacturing and marketing of industrial chemical gases (solid, liquid, gas)
- 19 Manufacturing of pharmaceutical raw materials
- 20 Small and medium-scale production of electricity
- 21 Development of international standard golf courses and resorts
- 22 Development, sale and lease of residential apartments/condominiums
- 23 Development and sale of office/commercial buildings
- 24 Development, sale and lease of residential apartments in areas related to industrial zones
- 25 Development of affordable housing
- 26 Domestic air transport service
- 27 International air transport service

## **List of Economic Activities Permitted with Specific Conditions**

### **(a) List of Economic Activities permitted with the recommendation of the relevant Ministry and requiring joint venture with Myanmar Citizens**

## No. TYPES OF ECONOMIC ACTIVITIES

### 1 *Permitted with the Recommendation of the Ministry of Livestock, Fisheries and Rural Development*

- Production of bee and bee products
- Manufacturing of fishing nets
- Construction of fishing jetty and fish auction markets
- Research activities for livestock and fisheries products
- Fishing activities on sea
- Processing and manufacturing of fisheries products
- Export/import of animals and fisheries products including live fish species
- Culture of fresh water and marine fish and prawns

### 2 *Permitted with the Recommendation of the Ministry of Environmental Conservation and Forestry*

- National parks
- Businesses related to the reduction of carbon emissions
- Establishment of extraction (logging), and production wood in the forest land (reserved forests and protected public forest)
- Import, multiplication and sale of genetically modified organisms and living modified organisms
- Technical research and business related to the breeding, culture and production of genetically superior quality seeds, propagules, tissues, etc. of valuable and rare flora species
- Development of high technology, research and human resources in the forestry sector
- Extraction of natural resources in forested land at the disposal of the government
- Importing, exporting, breeding and production of wild flora and fauna species for commercial purposes

### 3 *Permitted with the Recommendation of the Ministry of Industry*

- Manufacturing and marketing of soft beverages, aerated and non-aerated products
- Production of seasoning powder
- Production of medicinal drugs by using controlled chemicals



4 ***Permitted with the Recommendation of the Ministry of Transport***

- Passengers and cargo transport services by vessels
- Establishing nautical and training school
- Dockyard services
- Water transport related services on land plots owned by Inland Water Transport

5 ***Permitted with the Recommendation of the Ministry of Communications and Information Technology***

- Domestic and international postal services

6 ***Permitted with the Recommendation of the Ministry of Health***

- Private hospital services
- Private clinic services
- Private diagnostic services
- Private pharmaceutical and medical devices production
- Research on vaccine and diagnostic test kit production
- Private medical institute and health related institute and training school
- Trading of traditional pharmaceutical raw materials
- Traditional herbal cultivation and production
- Traditional medicine research and laboratory
- Manufacturing of traditional drugs
- Traditional hospitals

7 ***Permitted with the Recommendation of the Ministry of Information***

- Publishing of periodical newspapers in foreign languages
- FM radio programs
- Businesses in the broadcasting industry Direct to Home (DTH)
- Businesses in the broadcasting industry using DVB-T2 system
- Businesses in the broadcasting industry using Cable TV system
- Businesses in film production
- Businesses in film showing

## **(b) List of Economic Activities with other Conditions and requiring a joint venture**

<b>No.</b>	<b>TYPES OF ECONOMIC ACTIVITIES</b>	<b>CONDITIONS</b>
1	Construction and implementation of storage tank, loading port, pipeline, related machineries and equipment and construction of building for importing, transporting, storage, distribution and selling of oil, gas and petroleum products.	Permitted only under the condition of a joint venture with the Ministry of Electricity and Energy.
2	Importing, producing, constructing and installing equipment, accessories and parts for exploring and interpreting oil and gas by geological, geophysical and geochemical methods.	Permitted only under the condition of a joint venture with the Ministry of Electricity Energy.
3	Importing, producing, constructing and installing equipment, accessories and parts or installations for exploiting, producing and researching oil and gas.	Permitted only under the condition of a joint venture with the Ministry of Electricity and Energy.
4	Importing, producing, constructing and installing equipment, accessories and parts of installations for transporting and constructing the pipeline network for oil and gas.	Permitted only under the condition of a joint venture with the Ministry of Electricity and Energy.
5	Importing, producing, constructing and installing equipment, accessories and parts of installations for the construction of various kinds of offshore drilling.	Permitted only under the condition of a joint venture with the Ministry of Electricity Energy.
6	Construction of various types of refinery, maintaining and upgrading the old refinery and implementing the work.	Permitted only under the condition of a joint venture with the Ministry of Electricity Energy.
7	Manufacturing of cigarettes.	The local Virginia tobacco must be used for 50% within the first (three) years or at least 50% of raw materials bought

- from the export earnings of local Virginia shall be used in production.  
Export shall be 90%. The list of local raw materials to be used and planned exportation must be attached in the investment proposal. Requires the recommendation of the Ministry of Industry.  
Permitted only in joint venture with the State Government.  
Permitted only in joint venture with the State Government.
- 8 Production and marketing of explosive chemicals (TNT, Nitro-glycerin, Ammonium Nitrite). Permitted only for the production of value-added products. Allow foreigner shareholding up to 49%.
- 9 Production and marketing of flammable liquids and solids (Titanium Powder), self-reactive substances (Potassium Sulphide), and substances which, in contact with water, emit flammable gases (Calcium Phosphide). Allow trading, local export/sales, depending on the production of the joint venture company. Strictly prohibited to export paddy by sea or through border trade.
- 10 Distribution in the local market and exporting of crops after they are cultivated and manufactured by using imported and necessary input materials. Required recommendation of the Ministry of Planning and Finance.  
Only permitted in joint venture with the Government.
- 11 E-lottery business. Required recommendation of the Ministry of Planning and Finance. Only permitted in joint venture with the Government.
- 12 Development of new satellite town. Requires the recommendation of the Ministry of Construction. Permitted in joint venture with the Government.

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| 13 | Urban redevelopment.  | Requires the recommendation of the Ministry of Construction. Permitted in joint venture with the Government.   |
| 14 | Construction of new railway line, new station and new buildings.  | Permitted for joint venture /BOT with Myanmar Railways. Requires the recommendation of the Ministry of Rail Transportation. Needs the permission of the Union Government.  |
| 15 | Train operation and maintenance.  | Permitted for joint venture /BOT and hires system with Myanmar Railways. Requires the permission of the Ministry of Rail Transportation.   |
| 16 | Manufacture and maintenance of locomotive, carriages, wagons and spare parts.   | Permitted for joint venture /BOT and hires system with Myanmar Railways. Requires the permission of the Ministry of Rail Transportation. Joint venture/BOT and hires system with relevant enterprise/directorate.            |
| 17 | Laying fibre optic cable, construction of towers, machine rooms on land owned by the Ministry of Rail Transportation. | Permitted for joint venture /BOT and hires system with relevant enterprise/department. Needs the permission of the Ministry of Rail Transportation.  |
| 18 | Comprehensive utilization of land and building owned by Ministry of Rail Transport for commercial purposes.           | Permitted for joint venture /BOT and hires system with relevant enterprise/department. Requires the permission of the Ministry of Rail Transportation.   |
| 19 | Automobile services for passenger and freight transport operating.  | Needs the permission of the Union Government. Permitted for a joint venture with relevant enterprise/department/organization (departmental and private). Requires the recommendation of the Ministry of Rail Transportation. |

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| 20 | Vehicle inspection, driving training centre, repair and maintenance training. | Requires entry into joint venture by 50% local and 50% foreign investment. Requires the recommendation of the Ministry of Rail Transportation.  |
| 21 | Generation of electric power to be used for train operation.                  | Permitted for joint venture /BOT and hire system with Myanma Railways. Requires the recommendation of the Ministry of Electric Power and needs permission from the Ministry of Rail Transportation. |
| 22 | Manufacturing, sale and distribution of vaccines to prevent diseases.         | Permitted for joint venture with the State Government. Must meet and comply with minimum WHO GMP standards.   |

## ANNEX 2: Notification No. 50/ 2014

**Notification 50/2014 lists business activities which require an environmental impact assessment (EIA).**

### No. TYPES OF BUSINESS ACTIVITIES

- 1 All activities for mining and mineral processing.
- 2 Exploration and production of oil and gas, establishment of oil refinery or petrochemical plants.
- 3 Construction of large-scale irrigation, high dams and embankment.
- 4 Hydropower project and other heavy electricity generation, construction of electric power transmission line.
- 5 Construction of Oil and Gas pipeline project.
- 6 Construction of large-scale river crossing bridges, fly-over bridges, highways, subways, ports, shipyards, airports and runways, large-scale drainage systems, large-scale motor vehicle manufacturing and assembling industries.
- 7 Manufacturing of pharmaceuticals, chemicals and pesticides.
- 8 Manufacturing of batteries.
- 9 Large-scale pulp and paper production.
- 10 Large-scale textile industry, dyeing facilities and garment production.
- 11 Production of iron, steel and minerals.
- 12 Production of cement.
- 13 Production of liquor, beer and spirits.
- 14 Production of petrochemicals such as petroleum, engine oils, fertiliser, wax and varnish.
- 15 Large-scale foodstuff industry, including sugar factories.

- 16 Production of leather and rubber products.
- 17 Large-scale cultivation of fresh water and marine fish/prawns.
- 18 Large-scale wood based industry.
- 19 Development of large-scale housing projects and Industrial Zones.
- 20 Construction of large-scale hotels, recreation places and resorts.
- 21 Operation in cultural heritage, archaeological and prominent geographical symbolic sites.
- 22 Operation in wetlands.
- 23 Operation in ecologically fragile areas.
- 24 Operation in national parks, wildlife sanctuaries and protected areas.
- 25 Operation in wilderness areas containing rare or endangered species of flora or fauna and their habitat
- 26 Operation in areas prone to natural disaster such as Rakhine State, Ayeyarwaddy Delta.
- 27 Operation in the vicinities of main resources for public drinking water, lakes and reservoirs.
- 28 Operation in resort areas and areas closed to oyster fishing and pearl farms areas.
- 29 Cultivation and production of crops at a large scale.
- 30 Large-scale forest and industrial crop plantation.



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