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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>NEMC</i>	<i>National Energy Management Committee</i>
<i>UNIDO</i>	<i>United Nations Industrial Development Organization</i>
<i>ESHA</i>	<i>European Small Hydropower Association</i>
<i>IASH</i>	<i>International Association for Small Hydro</i>
<i>SHP</i>	<i>Small hydropower plants</i>
<i>MOU</i>	<i>Memorandum of Understanding</i>
<i>MPE</i>	<i>Myanma Petrochemical Enterprise</i>
<i>MPPE</i>	<i>Myanma Petroleum Products Enterprise</i>
<i>LPG</i>	<i>Liquefied petroleum gas</i>
<i>LNG</i>	<i>Liquefied natural gas</i>
<i>YESC</i>	<i>Yangon Electric Supply Corporation</i>
<i>DICA</i>	<i>Directorate of Investment and Company Administration</i>
<i>MIC</i>	<i>Myanmar Investment Commission</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>BOT</i>	<i>Build-Operate-Transfer</i>
<i>SME</i>	<i>Small and Medium Enterprise</i>





1. INDUSTRY OVERVIEW

Myanmar is strategically located in Southeast Asia, between China and India, and is endowed with abundant energy resources including oil and gas, hydropower, coal and renewable sources. It is the largest natural gas exporter in the region, with an estimated 80% of its output pumped to Thailand and China. Natural gas has been the country's largest export commodity for years, and has been a crucial growth driver for the country's GDP.

1.1. CURRENT MARKET SITUATION

Political and economic reforms carried out under former President U Thein Sein's administration from 2011 to 2015 led to the end of many international sanctions, as well as increased investment in the energy sector, trade liberalization and an increasingly favourable economic climate. A total of 52 hydropower projects and 11 coal-fired power plants, as well as gas-fired and renewable power projects, were approved by the previous government. Moreover, in the downstream sector, Myanmar's Ministry of Electricity and Energy announced in 2015 that foreign investment will be permitted in specified circumstances for the importation, storage, distribution and sale of a wide range of petroleum products. On 30 March 2016, under President U Htin Kyaw's new government, the Ministry of Electric Power and Ministry of Energy merged to form the Ministry of Electricity and Energy. The current Union Minister is U Pe Zin Tun, who took office on 6 April, 2016. On 8 January 2016, Myanmar's National Energy Management Committee (NEMC) launched the Myanmar Energy Master Plan, which contains a goal for electricity production by 2030 that demonstrates a radically different mix of sources than the 2012 base level.

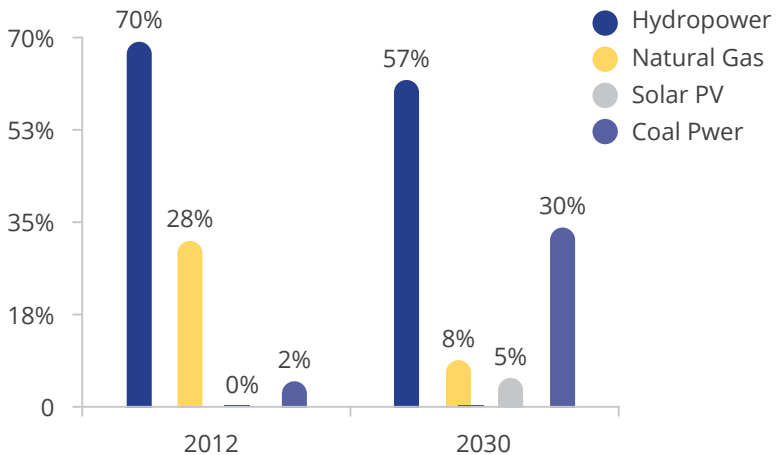


Figure 1: 2030 Electricity Mix Projections (Source: Ministry of Electricity and Energy)

The projection shows a decrease in hydropower and natural gas, previously Myanmar's major sources of electricity. The decrease in these two major sources contributes to the increases in solar PV and coal power. The role of solar PV as a contributor to electricity production in Myanmar was minimal until 2012, but it is projected to reach 5% of total electricity production by 2030. It is also envisioned that the role of coal-fired power plants in electricity provision will undergo a drastic increase, from 2% to 30%.

1.2. LOCATION OF ENERGY PRODUCTION SITES

Myanmar has a total of 16 gas-fired power plants located in Yangon, Mawlamyine, Thaton, Kyaukse, Myingyan, Kyaukphyu, Thanlyin, Myanaung, Kyunchaung, Man, Dawei and Shwe Taung. Myanmar has a total of 302 hydropower plants, including micro-hydropower and rural hydropower projects, which are located mostly in Shan State, Kachin State and Sagaing Region. The country's only coal-powered plant is located in Southern Shan State. Offshore and deep water natural gas production sites are located in the Bay of Bengal in Rakhine State.





Figure 2: Map of Myanmar

As many of the long list of hydropower projects are only micro projects, the table will list only the major projects. For the United Nations Industrial Development Organization (UNIDO) and the European Small Hydropower Association (ESHA), and the International Association for Small Hydro (IASH), a capacity of up to 10 MW total has become the generally accepted norm for small hydropower plants (SHP).

REGION	NO OF PLANTS AND THEIR CATEGORY	INSTALLED CAPACITY (MW)
<i>Ayeyarwady Region</i>	Hydropower - 0 Coal - 0 Gas - 0	Hydropower - 0 Coal - 0 Gas - 0
<i>Bago Region</i>	Hydropower - 13 Coal - 0 Gas - 2	Hydropower - 392 MW Coal - 0 Gas - 90MW
<i>Chin State</i>	Hydropower - 0 Coal - 0 Gas - 0	Hydropower - 0 Coal - 0 Gas - 0
<i>Kachin State</i>	Hydropower - 8 Coal - 0 Gas - 0	Hydropower - 520MW Coal - 0 Gas - 0
<i>Kayah State</i>	Hydropower - 2 Coal - 0 Gas - 0	Hydropower - 196 MW Coal - 0 Gas - 0
<i>Kayin State</i>	Hydropower - 0 Coal - 0 Gas - 0	Hydropower - 0 Coal - 0 Gas - 0
<i>Magway Region</i>	Hydropower - 5 Coal - 0 Gas - 2	Hydropower - 259 MW Coal - 0 Gas - 90 MW
<i>Mandalay Region</i>	Hydropower - 6 Coal - 0 Gas - 2	Hydropower - 1251.5 MW Coal - 0 Gas - 282 MW
<i>Mon State</i>	Hydropower - 0 Coal - 0 Gas - 2	Hydropower - 0 Coal - 0 Gas - 280 MW

REGION	NO OF PLANTS AND THEIR CATEGORY	INSTALLED CAPACITY (MW)
<i>Rakhine State</i>	Hydropower - 0 Coal - 0 Gas - 1	Hydropower - 0 Coal - 0 Gas - 180 MW
<i>Shan State</i>	Hydropower - 14 Coal - 1 Gas - 0	Hydropower - 660 MW Coal - 120 MW Gas - 0
<i>Sagaing Region</i>	Hydropower - 3 Coal - 0 Gas - 0	Hydropower - 36.3 MW Coal - 0 Gas - 0
<i>Tanintharyi Region</i>	Hydropower - 0 Coal - 0 Gas - 0	Hydropower - 0 Coal - 0 Gas - 0
<i>Yangon Region</i>	Hydropower - 0 Coal - 0 Gas - 7	Hydropower - 0 Coal - 0 Gas - 578 MW
<i>Nay Pyi Taw Union Territory</i>	Hydropower - 2 Coal - 0 Gas - 0	Hydropower - 420 MW Coal - 0 Gas - 0

Table 1: Power production by region



1.3. ENERGY INDUSTRY STATISTICS

The following table presents a brief outlook on the power sector as a whole.

CATEGORY	HYDROPOWER	COAL-FIRED	GAS-FIRED
INSTALLED PLANTS (NUMBER)	302	1	16
INSTALLED CAPACITY (MW)	46,330 but only 3,011 connected to the national grid	120	1500
PROPOSED PLANTS (NUMBER)	4	9	1
PROPOSED CAPACITY (MW)	783	7994	270
PLANTS UNDER CONSTRUCTION (NUMBER)	4	1	2
CAPACITY OF PLANTS UNDER CONSTRUCTION (MW)	1492	405	625

Table 2: A brief outlook of the power sector

Foreign Investment

According to official figures, the permitted amount of total FDI from 1988 to 2015-2016 is USD 64 billion. Of the total of USD 64 billion FDI, 2015-2016 alone accounts for a total of USD 9.5 billion. While permitted FDI stands at USD 64 billion, actual investment only currently totals USD 53 billion.

Actual FDI by Sector

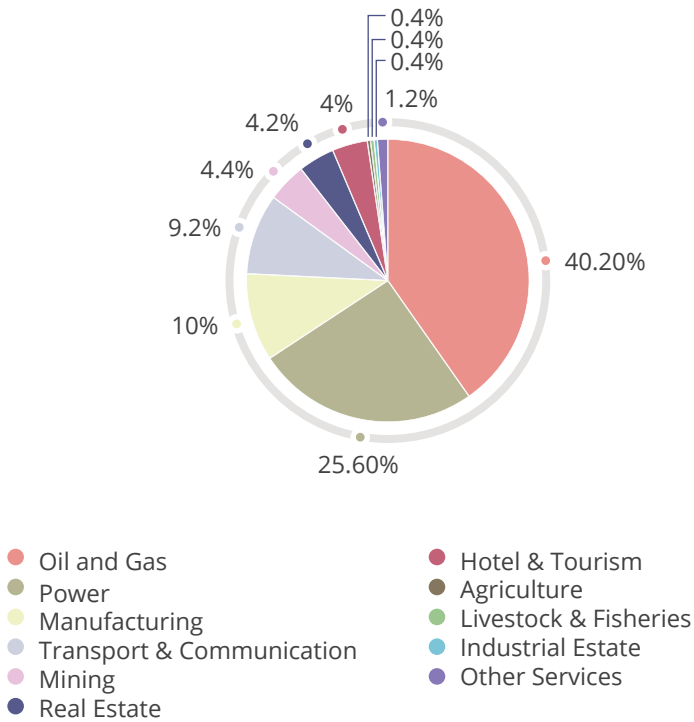


Figure 3: Actual FDI by sector from 1988 to 31 May 2016 (Source: DICA)

In terms of actual FDI by sector, the oil and gas sector received 40.2% of all FDI across 96 enterprises, totalling USD 21 billion, while the power sector accounted for 25.6% or USD 14 billion across nine enterprises.

Oil & Gas

Between 2011 and 2015, Myanmar produced 24.7 million barrels of petroleum and 2,085.57 million cubic feet of natural gas from both onshore and offshore projects. According to official statistics, oil production has increased from 15.292 million tons in 2013 to 17.445 million tonnes in 2014. Official figures for 2015 have not been released yet. Myanmar exported 78% of its natural gas production in 2011, with exports increasing to 81% in 2015. Natural gas exports earn Myanmar USD 170 million each month, with a total of 1.6 billion cubic feet of natural gas exported to Thailand and China every day, according to the Ministry.

The following charts show the statuses of offshore and onshore blocks.

Onshore Blocks

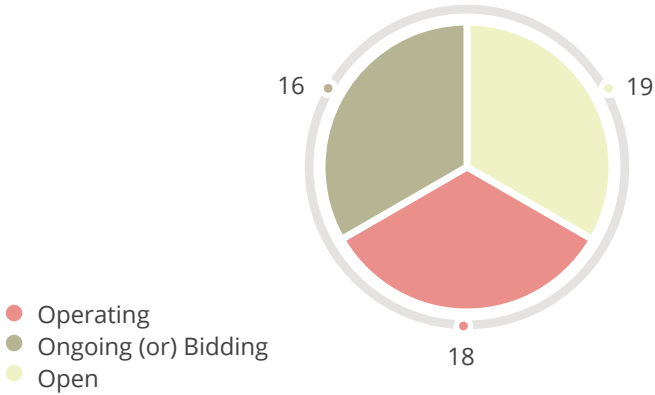


Figure 4: Status of Onshore Blocks

Offshore Blocks

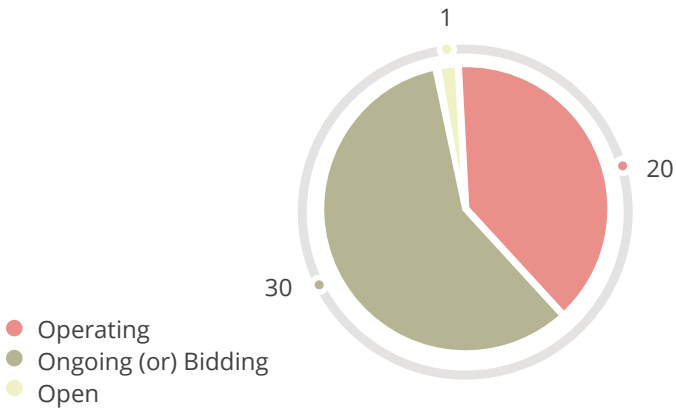


Figure 5: Status of Offshore Blocks

The following shows the offshore gas projects that bring in the most income to Myanmar in exports.

No.	PROJECT	ESTABLISHED	OPERATORS	DAILY PRODUCTION RATE
1	Yadana	Discovered in 1992. Production began in 1998.	Total SA	910 million cubic feet (711 mmcf exported to Thailand daily and 119 mmcf for local consumption)
2	Zawtika	Discovered in 1997. Production began in 2014.	PTTEP	350 – 360 million cubic feet (100 mmcf for local consumption, 250 mmcf for daily export to Thailand)
3	Yetagon	Discovered in 1992. Production began in 2000.	Petronas	Over 250 million cubic feet
4	Shwe	Discovered in 2005. Production began in 2014.	Daewoo	500 million cubic feet

Table 3: Offshore gas projects

Coal and Gas Power Plants

The former government signed at least 11 contracts for coal-fired power plants around the country with a number of international and regional companies. However, none of these projects have yet moved forward due to widespread public opposition, including from local residents and environmental groups.

According to Electric Power Generation Enterprise, Wuxi Huagaung Electric Power Engineering was selected as the winner for a tender to upgrade and operate the existing Tigyit plant in southern Shan State, the only coal-fired power plant in the country. The plant has two coal-fired turbines with a capacity of 60 megawatts each. Gas-fired power plants in Myanmar are engine-based and can use existing domestic gas, which is cheaper and more environmentally-friendly than liquid fuel. Nevertheless, gas power is limited by cost and some export contracts with Thailand and China.

The government is implementing three gas-fired power plants at Thilawa in Yangon, Myingyan in Mandalay and Thaton in Mon State, with a total combined capacity of 380MW. It has also signed a Memorandum of Understanding (MOU) for a gas-fired power plant in Thanlyin in Yangon. A consortium led by Japan's Marubeni Corporation is conducting a feasibility study and plans to invest USD 1 billion into the plant, which will have a capacity of 400MW. It is important to keep track of the latest developments regarding coal-power as the government's stance towards coal has changed significantly in the past years.

Renewable Energy

Renewable energy resources include biomass, hydro, wind and solar power. Currently, hydropower is the only renewable energy resource which is being exploited commercially. Altogether, 302 hydropower projects have been implemented with an installed capacity of 46,330 MW, where only 3,011 MW is connected to the national grid. Most of the foreign companies that have received approval for hydropower investments are Chinese. The joint venture agreements will allow them to build and operate power plants for up to 40 years before transferring them to the Union Government.

As for biomass, the potential annual yield of wood fuel is up to 19.12 million cubic tons. There is no large-scale production of biomass; it is of more use for residential purposes in rural villages. While wood fuel continues to be the major source of biomass, grains and other plant-based materials such as pigeon pea stalk, cotton stalk, sesame stalk, coconut or palm leaves, rice husk, sawdust and bamboo are alternative sources of biomass in order to prevent deforestation caused by the heavy usage of wood fuel.

As for wind-power, the following new projects are planned in different regions according to the Ministry of Electricity and Energy.

REGION	NUMBER OF PROJECTS	CAPACITY (MW)
Rakhine	10	1,484
Chin	10	1,472
Ayeyarwady	5	478
Yangon	2	274

An MOU for the first wind-power project was signed between the Ministry and China's Three Gorges Corporation in March 2016. This agreement permits the construction of a wind turbine project in the Chaung Tha area of Ayeyarwady Region which is expected to generate 30MW of electricity.

In terms of solar power, the overall potential is estimated to be 51,973 terawatt-hours per year, and the highest potential would be in the central dry zone of the country. The former government signed two major solar power deals with foreign investors, both in 2014. US-based ACO Investment Group will invest USD 480 million to build two 150 MW solar plants near Mandalay, both of which are due to come into operation in 2016. Thailand's Green Earth Power will spend USD 350 million on a 220 MW plant in Magway Region's Minbu, which is expected to be finished by 2017.

Power Generation

At present, Myanmar generates electricity from 319 power plants, including 302 hydropower stations, 16 gas-fired power plants and 1 coal plant. The daily generation capacity is around 43,500 kilowatt hours. Despite having the natural resources for a higher electrification rate, Myanmar has one of the lowest rates of electrification in Southeast Asia, with only 33% (World Bank, 2014) of the total population of over 53 million people with access to grid electricity. The Ministry of Electricity and Energy is tasked with taking advantage of opportunities in Myanmar's energy sector to meet an ambitious goal: making that figure 100% of the country's population by 2030. Myanmar's grid is concentrated primarily in urban areas, leaving those who live in rural environments—approximately 70% of the population—largely without grid access. Some rural citizens report paying anywhere from 10 to 20 times what government-subsidised grid power costs, and they rely on alternative sources, often powered by diesel-powered mini-grids.

The cost of generation varies from MMK 35 to MMK 70 for hydropower and MMK 120 to MMK 130 for gas. On average, around 75% of the Ministry's customers use MMK 100 per kilowatt hour, and only 25% of the usage is by industry, which pays a higher price.



2. INVESTMENT OPPORTUNITIES

To have an idea of investment opportunities in the energy sector, recent tender invitations by the Ministry and recent deals that have happened in the sector are outlined below.



2.1. Information on tenders

Last tenders in the sector

The following tenders are the three most recent tenders of many called in the last few years by the Ministry of Electricity and Energy. Details of these tenders are given below as examples of investment opportunities.

Ministry of Electricity and Energy: Open Tender

Tender opening date – 17 October 2016

Tender closing date – 20 October 2016

Department of electric power transmission and supervision, Nay Pyi Taw under the Ministry of Electricity and Energy has invited an open tender to purchase the following items in MMK.

No.	DESCRIPTION
1	Bid for transportation of electrical components from Yangon port to project sites

Ministry of Electricity and Energy: Open Tender

Tender opening date – 12 October 2016

Tender closing date – 26 October 2016

Department of Administration under the Ministry of Electricity and Energy has invited an open tender to purchase the following items in USD and MMK.

No.	DESCRIPTION	QUANTITY	REMARK
1	Air conditioner	2 items	MMK
2	Refinery Standard Gas	3 Cyls	MMK
3	Filled water pump with Motor	1 Set	MMK
4	Cooler Tubes for Gas Cooler (E-1703)	325 Nos	MMK
5	Battery	2 items	MMK
6	York and Oil (Refrigeration Compressor Oil)	2 drums	MMK
7	Aluminium Trichloride	100 MT	MMK
8	Antifoaming Agent	300 kgs	USD

Ministry of Electricity and Energy: Open Tender

Tender opening date –11 October 2016

Tender closing date –25 October 2016

MOGE of the Ministry of Electricity and Energy has invited an open tender to purchase the following items in MMK.

No.	Tender No	DESCRIPTION
1	17(T)/YESC/ (16-17)	Buying ground level power line materials

New Power Plant to emerge in Shwe Taung

Recently, Korea's Posco Daewoo has entered into an agreement with the government to develop a new 70MW gas-fired power plant in Shwe Taung, located about 270 kilometres northwest of Yangon. Posco Daewoo will have the right to run the power plant—which is scheduled to be completed by 2019—for 20 years, supplying electricity to businesses and households in the area.

2.2. POTENTIAL OPPORTUNITIES FOR FOREIGN COMPANIES

The energy sector offers a great deal of investment opportunities for foreign companies. Before making strategic market entry, it is important to analyse the competence of the existing competition: the local companies.

Strengths and Weaknesses of the Local Companies

The strengths of the local energy companies include the capability to understand the local work culture and business environment, as well as having close contacts with industry stakeholders, including government offices.

However, many often lack the capital, technical know-how, and capabilities of international firms. Local companies need to expand their capacity and boost project management capacity in order to capture a bigger market share. Industry experts have pointed out that local companies should consider providing integrated services in the various fields of the energy sector. Technical and financial restraints limit the competitiveness of local companies when it comes to rivalling foreign players.

Opportunities for Foreign Investors

Oil & Gas

There are plenty of investment opportunities for foreign investors both in the upstream and downstream sectors of the oil and gas industry. The downstream sector is relatively under-developed compared to the exploration and production (or) upstream sector. However, until now, not every downstream business has been open to foreign investors. While the law only permits local players to engage in retail business, foreign players are allowed to enter into joint ventures with government agencies to take part in downstream activities like fuel storage and distribution. In recent years, several privatizations have taken place in the downstream sector. The following are some of the major privatizations that have happened in the oil & gas sector recently.

- Myanmar Petrochemical Enterprise (MPE), part of the Ministry, invited both local and foreign companies to tender for a joint venture project to operate

and rehabilitate Thanlyin Refinery. The tender is now in its final stages and authorities are weighing up the merits of the two finalists, PTT from Thailand and Puma Energy from Singapore.

- MPE, part of the Ministry, invited foreign investors to look at a joint venture to upgrade the ageing Nyaung Don Liquefied Petroleum Gas (LPG) plant. The tender has been recalled though, after the Ministry announced in March 2016 that the candidates were not qualified enough.
- Myanmar Petroleum Products Enterprise (MPPE) invited foreign investors to express their interest to enter into a joint venture with MPPE for the importation, storage, distribution and sale of petroleum products, except LPG and liquefied natural gas (LNG). No winner has been announced yet.
- Puma Energy was awarded a contract for the import and distribution of jet fuel in a joint venture agreement with MPPE of the Ministry of Electricity and Energy.

Many of the major opportunities in the downstream and upstream sectors have already been exploited by first movers. Many of the onshore and offshore blocks have already been contracted, and the Ministry in 2015 announced that no new offshore bidding rounds would be launched until 2016, as it would instead focus more on the development of the blocks that have recently been signed as PSCs. At the time of writing, the Ministry has not yet given any updates regarding the potential for a new bidding round in 2016.

The power sector also offers a great deal of investment opportunities for European small and medium enterprises (SMEs) throughout the supply chain from power generation to transmission and distribution. They include infrastructure and equipment, security, risk analysis, training and skills accreditation, legal and professional services, health and safety analysis and services, environmental and social impact assessment consultancy services. Given the technical problems and inefficiencies along the power distribution process, the government—especially Yangon Regional Government—has been giving out operation and maintenance contracts to private players with the intention of achieving more efficient power distribution. With the ambitious goal of 100% electrification in 2030, the sector offers plenty of opportunities for foreign investors.



3

3. GOVERNMENT RULES AND REGULATIONS ON FOREIGN INVESTMENTS

3.1. GENERAL LEGAL/INVESTMENT STRUCTURE INFORMATION

In 2012, the Myanmar Parliament approved the Foreign Investment Law (“FIL”) the cornerstone of reform for foreign investment. The 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 on 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:

- 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” (usually as a cooperation system between the government and a private company - including BOT and BTO systems).

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 Devel-

opment 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.

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

3.2. ENERGY-RELATED RULES AND REGULATIONS

Foreign investment in the oil and gas industry is subject to the approval of the Union Government and to further terms and conditions imposed by the Ministry of Electricity & Energy; the drilling of shallow oil wells up to the depth of 1000 feet is specifically prohibited. The venture may also be subject to environmental impact assessments. Moreover, the generation of electricity at a rate of less than 10 megawatts is prohibited for foreign investment.

MIC Notification No. 26/2016 sets out the business activities based on their permitted forms of ownership (please refer to the annex for the full list).

Activities permitted for 100% foreign ownership

The types of economic activities which are not included in the categories below can be carried out with 100% foreign investment. This requires the approval of the relevant Ministry, except for investments reviewed by the Myanmar Investment Commission (MIC).

Activities permitted to be carried out in the form of a joint venture with Myanmar citizens

The following activities can only be carried out in the form of a joint venture with Myanmar citizens.

OIL & GAS	SECTOR	DESCRIPTION
ELECTRICITY	<p>The construction and installation of storage tanks, jet-ties, pipelines and related equipment and structures for the purposes of importing, exporting, transporting, storing, distributing and selling oil, gas and petroleum products installing equipment, machinery and spare parts for the following purposes: (a) the exploration and refining of oil and gas by geological, geophysical and geochemical means; (b) the exploration and production of oil and gas and related laboratory services; (c) the transportation and construction of oil and gas pipelines; and (d) the construction and installation of offshore platforms the construction and refurbishment of refineries</p>	<p>The foreign capital invested in a joint venture between a foreign investor and a Myanmar citizen (as opposed to the state) must not exceed 80% of the total investment amount. This restriction does not expressly apply to joint ventures between a foreign investor and the state.</p>
	<p>Projects below 10MW</p> <hr/> <p>Small and medium scale production of electricity</p>	<p>Projects under 10MW are restricted for foreign investors, which means that the foreign investor can only hold up to an 80% ownership.</p>

Table 4: Activities permitted only by JV

Activities permitted for build-operate-transfer (BOT)

Hydropower and coal power electricity generation and trade is subject to the approval of the government, and can only be accomplished by a joint venture with the government or a BOT.

Activities under prohibition

The following activities are banned from foreign ownership.

- Activities which can damage mangrove forests, religious sites, farm and grazing land or water resources
- Production of minerals by medium scale and small scale enterprises.
- Supervisory control of the electric power system
- Inspection of electrical works



4. CHALLENGES AND OUTLOOK

A number of ambitious goals have been set by the Ministry of Electricity and Energy for the ultimate development of the energy sector. Recent liberalizations initiated by the government to enhance the involvement of the private sector, and the master plan to achieve the 100% electrification rate by 2030, prove that government sees the growth of the energy sector as critical for the country's development. There are a number of challenges for the Ministry to achieve these goals without the cooperation of the private sector—and therein lie opportunities for investors.

Reforms that are needed to introduce corporate governance, tackle corruption, upgrade the weak rule of law and update the outdated regulatory framework for business are some of the challenges that can affect investment decisions. Nevertheless, new laws are being drafted and approved and the legislative outlook is positive in the long-run.

If the government could effectively address these challenges with the right policies, and create a more favourable investment climate, the energy sector could attract significant investment, bringing mutual benefits to investors, the government and the country more broadly.



5. INDUSTRY CONTACT INFORMATION

5.1. GOVERNMENT OFFICES

Ministry of Electricity and Energy

The Ministry of Electricity and Energy is the focal body for the energy sector. Tender openings for public-private partnerships and other investment opportunities are made by the Ministry.

MAILING ADDRESS	Ministry of Electricity and Energy Building No. 6, Office Compound, Nay Pyi Taw
CONTACT	+ (95) 67- 411 060, 411 012

Yangon Electric Supply Corporation (YESC) is a government body under the Ministry of Electricity and Energy for the electric supply of Yangon.

MAILING ADDRESS	Lower Kye Myin Daing Road, Ahlone Township, Yangon
CONTACT	+ (95) 1 – 215043, 215035, 229144

Ministry of Natural Resources and Environmental Conservation

For some investment opportunities that require an Environmental Impact Assessment, the role of the Ministry of Natural Resources and Environmental Conservation is vital.

MAILING ADDRESS	Director General Department of Forest Ministry of Natural Resources and Environmental Conservation Building No. 39, Office Compound, Nay Pyi Taw
CONTACT	+ (95) 67- 405 477, 405 015, 405 401, 405 399

Ministry of Commerce

Exporting agricultural produce and importing products such as farm implements can only be done with an export/import license issued by the Ministry of Commerce. Trading licenses for most of the products are issued in Yangon.

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

The Customs Department is an arm of Ministry of Commerce.

MAILING ADDRESS	No.(132), Strand Road, Kyauktada Township, Yangon
CONTACT	+ (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 incorporation of foreign businesses. Both fall under the authority of the Ministry of Planning and Finance. Companies need to be aware of procedural updates issued by the MIC in order to successfully navigate the legal aspect of investment.

MAILING ADDRESS	Director General Directorate of Investment and Company Administration Ministry of National Planning and Economic Development Building No. 32, Office Compound, Nay Pyi Taw
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DICA	Address: No.1, Thitsar Road, Yankin Township, Yangon + (95) 1- 658 143, 657 891, +(95) 67- 406 471
MIC	Address: No.1, Thit Saw Road, Yankin Township, Yangon
CONTACT	+ (95) 1- 657 891, 658 127 to 30

5.2 Business associations' addresses and phone numbers

ENTITY NAME	Renewable Energy Association Myanmar (REAM)
ADDRESS	160, 5th floor (right), 2nd Thiri Avenue, Ahlone Township, Yangon (Project Office) Room(8), Building(2, Anawratha Housing Estate, Pazundaung Township, Yangon
PHONE NUMBER	+ (95) 1 - 223 405, 212486, 292012
EMAIL	U Aung Myint(General Secretary) am.ream@gmail.com

ENTITY NAME	Myanmar Petroleum Traders Association
ADDRESS	29, 2nd Floor, Minyeyawswar Road, Yangon
PHONE NUMBER	+ (95) 1- 214 344, 214 349 (ext 107)
EMAIL	Myanmar.mpta@gmail.com

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

No.	TYPES OF ECONOMIC ACTIVITIES	CONDITIONS
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 Myanmar 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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