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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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BUSINESS SERVICES

EVENTS

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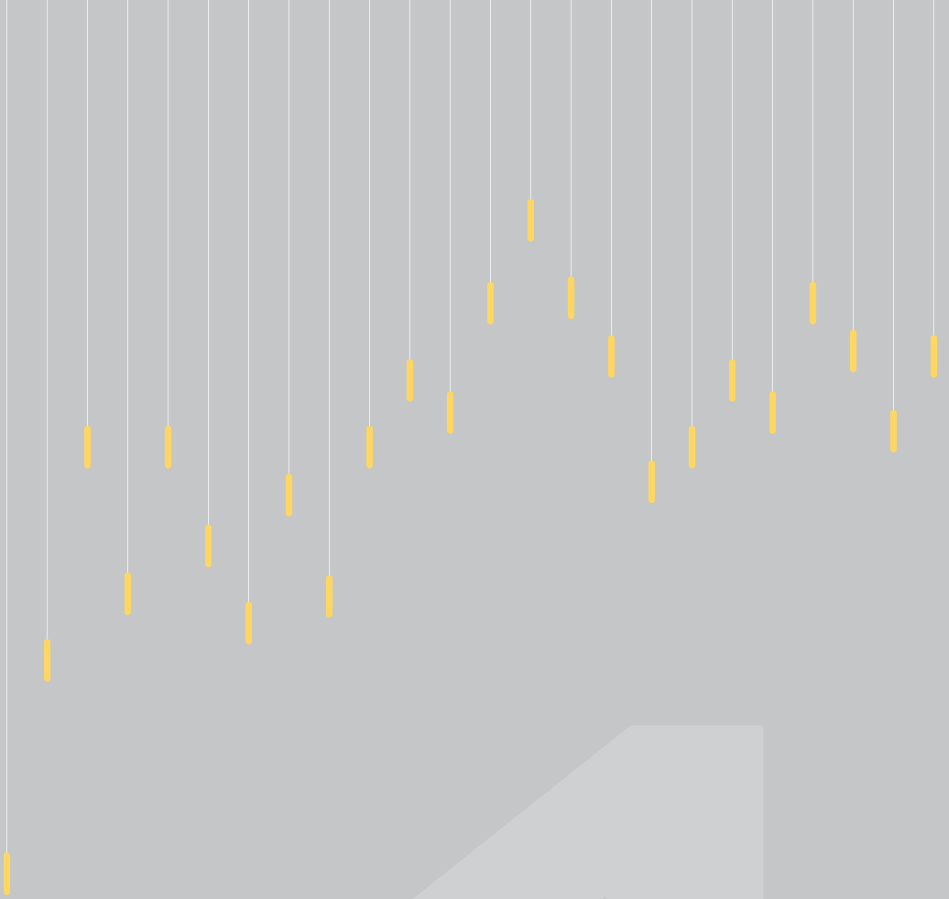
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ACRONYMS

<i>FDI</i>	<i>Foreign Direct Investment</i>
<i>DICA</i>	<i>Directorate of Investment and Company Administration</i>
<i>SEZ</i>	<i>Special Economic Zone</i>
<i>MGMA</i>	<i>Myanmar Garment Manufacturers Association</i>
<i>WTO</i>	<i>World Trade Organization</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>MIC</i>	<i>Myanmar Investment Commission</i>
<i>ASEAN</i>	<i>Association of Southeast Asian Nations</i>
<i>AEC</i>	<i>ASEAN Economic Community</i>
<i>LPI</i>	<i>Logistics Performance Index</i>



1. SECTOR OVERVIEW



Myanmar's political and economic reforms, alongside the lifting of most sanctions by the international community, have driven increased inflows of foreign direct investment (FDI) in recent years. For the fiscal year 2016-2017, Myanmar expects more than USD 8 billion in FDI, according to the Directorate of Investment and Company Administration (DICA). The total amount of foreign investment entering Myanmar between 1988 and March 2016 was just USD 63.718 billion. As such, investment in recent years, such as the USD 9.5 billion of FDI that entered the country in the 2015-2016 alone, represents record highs. The increased investment has been primarily targeted at the oil and gas, manufacturing, and telecommunications sectors.

Actual FDI by Sector

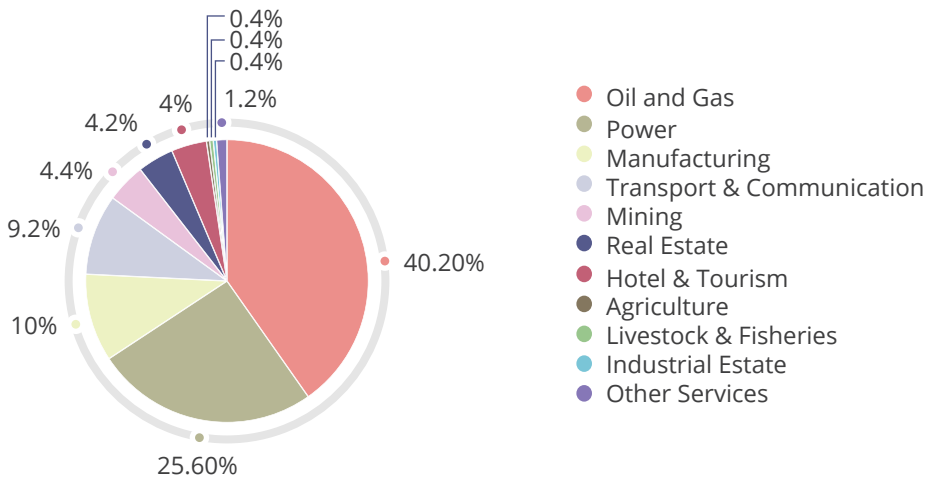


Figure 3: Actual FDI by sector from 1988 to 31 May 2016 (Source: DICA)

With Myanmar's economy expected to grow steadily in the near future, business confidence in key industries, especially manufacturing and oil & gas, is stronger than ever. Local manufacturers are now seeking to take advantage of the latest innovations and equipment to meet their needs, as well as capitalising on networking opportunities to build opportunities to work with foreign partners.

1.1. CURRENT MARKET SITUATION AND UPDATES

Compared with other regional markets, Myanmar's low labour wages and favourable tax exemptions provide attractive incentives for foreign manufacturers, both in catering to the country's over 53 million population and, particularly, as an exporter to regional markets. Manufacturing sub-sectors that have attracted recent interest

include: automotive parts and assembly, electronics, machinery and spare-parts, building materials, food and beverages, communications equipment, and furniture, etc.

For the past few decades Myanmar's manufacturing sector has been dominated by the textile industry, but other manufacturing and assembling businesses are beginning to expand operations, particularly in Special Economic Zones (SEZ), such as Thilawa SEZ.

1.2. LOCATION OF SPECIAL ECONOMIC ZONES (SEZS)

Given the government's ambition to increase industrialization and enhance the export sector, the development of these special economic zones is key. Myanmar's three SEZs offer lucrative incentives for foreign investors, especially manufacturing companies.

(i) Thilawa SEZ

The Thilawa Special Economic Zone (SEZ), located 20 kilometres south of Yangon, is the first SEZ to be built in Myanmar. Thilawa is now partially operational, with a large Phase II expansion under way. It is being developed via a Myanmar-Japan joint venture.

Located close to Yangon, Thilawa SEZ offers investors access to a significant workforce with wide-ranging backgrounds – from high-level professionals to skilled and semi-skilled blue collar workers.

As Yangon is Myanmar's main gateway to international markets via its seaports and airports, it remains the key location for investors looking to access these markets. Thilawa SEZ is also connected to the major road transport network, offering investors easy access to the domestic market as well. It is also close to the rail network, connecting the SEZ not only to Yangon but also to the rest of the country. Compared with Yangon's other industrial zones (not designated SEZs), Thilawa offers more reliable infrastructure to investors. Once an investor in Thilawa has secured an investment permit and confirmed the location of their facility, electricity, telecommunications (including internet access), and a water supply are all connected by the SEZ. Services for liquid waste, solid waste and industrial waste management are also readily available.

International logistic centres located within Thilawa create easy access to domestic and international logistic arrangements for investors. A new port has been developed alongside the SEZ, meaning the transportation time of cargo for exports and imports has been shortened significantly compared to just a few years ago, when cargos had to be offloaded in downtown Yangon.

Thilawa Investors Origins

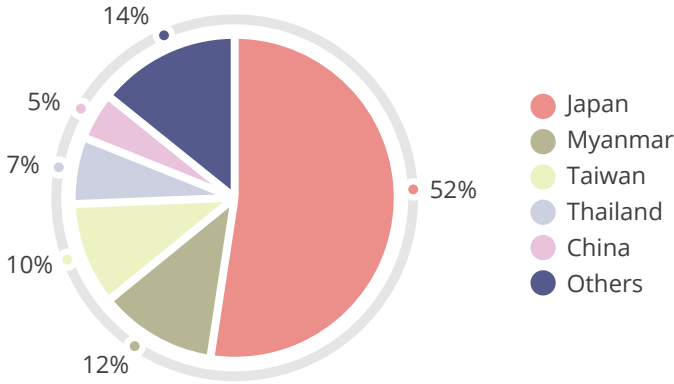


Figure 2: Investors in Thilawa SEZ (As of April 2015)

The construction of Kyauk Phyu SEZ in Rakhine is expected to begin shortly, after a consortium of six companies were awarded the development contract in early 2016. The consortium lead is CITIC, a state-owned Chinese conglomerate. A deep sea port will also be developed as part of the broader SEZ development, alongside the industrial zone itself. After completion, the port's expected annual capacity will be 7.8 million tonnes of bulk cargo and 4.9 million TEU containers. With the increased container traffic that the developer expects from the industrial zone and the improved infrastructure, the deep sea port may later be upgraded to an annual capacity of 7 million TEU containers.

The SEZ will also include an industrial park, and the Management Committee has claimed it will create 100,000 jobs. Kyauk Phyu's location means it will be well positioned to serve as a trade corridor connecting China and Myanmar, providing necessary infrastructural development. Moreover, it has access to a natural deep sea harbour and abundant natural resources in oil and gas, as well as sufficient land and ample labour for industrial development and the expansion of residential areas.

(i) Dawei SEZ

Dawei SEZ in Tanintharyi Region, at the southern tip of Myanmar, is a 196-square km SEZ where industrial sites are currently available for reservation. It is expected that factory construction for the initial SEZ phase will be ready to begin by the end of 2016. The SEZ is being developed by a Myanmar-Thai joint venture.

The deep sea port, part of the Dawei project plan, is expected to play a vital role as the Western Gateway of GMS Southern East-West Corridor. There is also a road link between Dawei SEZ and Myanmar-Thailand border. Upon completion, Dawei is expected to become a new regional logistics hub.

1.3. LOCATION OF INDUSTRIAL ZONES

In the early 1990s, the Myanmar government began developing a number of industrial zones, mostly in Yangon. To this day, these areas are where most of the garment manufacturing factories can be found. More than 4,000 hectares of industrial park land has been developed in Myanmar since 1995.

There are about 20 industrial zones in Yangon, and the vast majority are owned by the local regional government, with the remaining handful owned by joint venture and wholly foreign-owned enterprises. Hlaing Thar Yar is the largest industrial zone in Yangon, with an area of about 566 hectares, followed by Dagon Seikkan (488 hectares) and Shwe Lin Ban (around 445 hectares). Hlaing Thar Yar houses about 500 companies, while Shwe Pyi Thar has about 200. Both industrial zones house various lines of manufacturing, with a focus on light manufacturing such as garments and food processing.

No.	INDUSTRIAL ZONE NAME	LOCATION	AREA (ACRES)
1	Hlaing Tharyar (1, 2, 3, 4, 6, 7)	Bounded by Hlaing River in the east, Shwe Than Lwin Industrial Zone in the west, Panhlaing River in the south and Yan-gon-Pathein Road in the north	1401
2	Dagon Seikkan (1, 2)	East Yangon District, New Dagon Port	1208.7
3	Shwe Lin Ban	Hlaing Thayar Township	1100
4	Shwe Pyi Thar (2, 3, 4)	Shwe Pyi Thar, Insein Township	SPT2=204.512, SPT3=394.504, SPT4=388.312
5	South Dagon (1)	23 ward, Dagon new town (south side)	475.3

Table 1: Top 5 Yangon Industrial Zones (By Area)

Yangon City

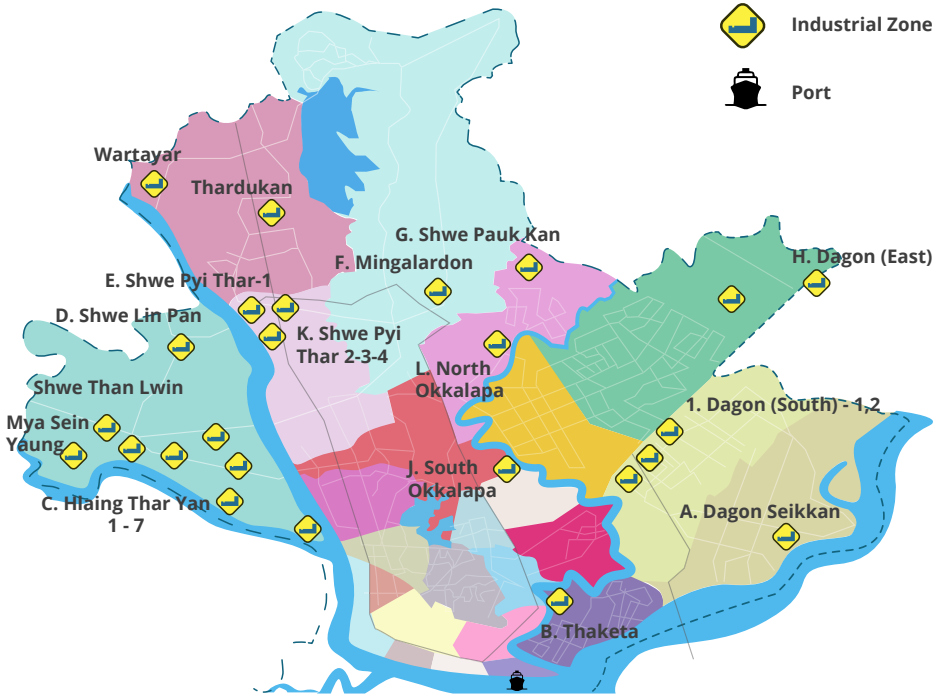


Figure 3: Yangon Industrial Zones (Source: MGMA)

1.4. MARKET STATISTICS

According to official FDI figures, the manufacturing sector ranks third following the oil & gas and power sectors. The following chart shows the performance of the manufacturing sector in terms of FDI. The year of 2013-2014 saw a record high FDI influx exceeding the total amount of FDI over the period of 1988-2011. Total FDI in the manufacturing sector from 1988 to June 2016 was USD 6.59 billion from 635 individual enterprises.

Permitted FDI in Manufacturing Sector

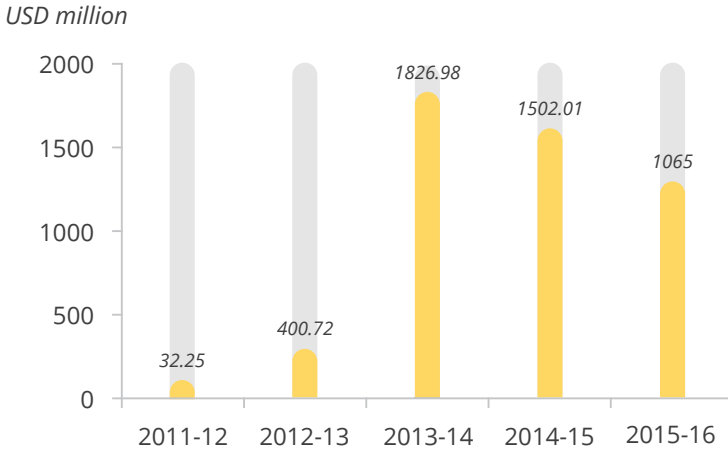


Figure 4: Permitted FDI in Manufacturing Sector 2011-2016 (Source, DICA)

Garment manufacturing for export accounts for a significant portion of Myanmar's non-agricultural exports. Most of this trade is in the form of "Cut-Make-Pack" (CMP) operations. Many of Myanmar's garment factories are contracted by foreign buyers to cut and make specific garments according to design specifications, and then pack and export them to foreign markets.

Myanmar's Clothing Exports

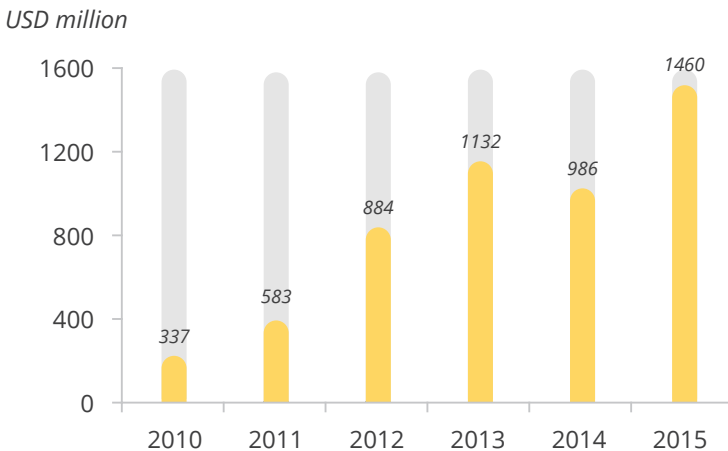


Figure 5: Myanmar's Clothing Exports Between 2010-2015 (Source: Myanmar Garment Manufacturers Association (MGMA), World Trade Organization (WTO))

Alongside the garment industry, the food and beverage, electrical machinery and automotive parts manufacturing sectors have all experienced increases in foreign investment over the past few years. However, there is limited readily available information on other sectors' received FDI or production figures.

The following are highlights of large investments made by big foreign players in setting up their manufacturing footprints in Myanmar.

COMPANY	DESCRIPTION	INVESTMENT (USD)
Coca Cola	Bottling plant	200 million
Unilever	Two manufacturing facilities producing haircare, hygiene and food seasoning products	650 million
Carlsberg	Brewery plant	37 million (initial investment only)
Heineken	Bottling plant	60 million
Foster Electric	Manufacturing plant for speakers	-
Koyo	Manufacturing plant for radiators	-
Nissan Motor	Car assembling plant	-
Suzuki Motor	Auto manufacturing plant	-

Table 2: Highlights of large investments by foreign players

In summary, more than 250 local and foreign investors were approved to initiate operations in Myanmar last year, and the manufacturing sector made up most of the list. Last year's new investors were involved in a wide range of business activities, including the production of modern home furniture, wood-based home decoration materials, plywood, sawed woods, value-added fish products, animal feed, piecework, glasses production, medicines, construction of high-rise buildings, international-standard hotel services, gravel for construction projects, the establishment of international-grade timber mills and the production of high-quality sawed woods.



2. INVESTMENT OPPORTUNITIES

Most of the manufacturing-related government tender opportunities come from the Ministry of Industry. Besides tender openings for the purchase of necessary equipment, under the previous government the Ministry also invited tenders from the private sector for the joint operation of some state-owned factories.

2.1. TENDER INFORMATION

Last tenders in the sector

The three most recent tenders issued by the Ministry of Industry are detailed below. These offer an idea of the types of tender openings from this Ministry

Ministry of Industry: Open Tender

Tender opening date: 21 July 2016

Tender closing date: 29 July 2016

No. (1) Steel Industry (Myingyan) under the Ministry of Industry invited an open tender to purchase the following items in Myanmar Kyats:

No.	DESCRIPTION	Units
1	Cutting service for iron casting of lose iron	900 tons
2	Iron big materials	200 tons

Ministry of Industry: Open Tender

Tender opening date: 11 July 2016

Tender closing date: 02 August 2016

The Department of Industry Supervision and Inspection under the Ministry of Industry invited an open tender to purchase the following items in Myanmar Kyats:

No.	DESCRIPTION	Units
1	Tangent Delta Tester	1
2	SF6 Gas Analyser	2
3	Watt-hour meter	2
4	High Voltage A.C Dielectric Tester	1
5	Automatic Protective Relay Tester	1

Ministry of Industry: Open Tender

Tender opening date: 25 July 2016

Tender closing date: 19 August 2016

Myanma Pharmaceutical Industry under the Ministry of Industry invited an open tender to purchase the following items in Myanmar Kyats:

No.	DESCRIPTION	Units
1	Carton Box (For Dextrose) (33x 27.5x 23.5) cm	147000
2	Paper Box (D 930/50/1P) (41.5x22.5x7.5) cm	70000

Potential Upcoming Tenders

In July 2016, the Ministry of Industry announced that the remaining 47 state-owned factories will be put up for lease to local and foreign investors. Short-term and long-term lease options will be made available to the investors, though no specific time frame for the tender opening has been announced yet.

State-owned factories operate in various fields ranging from textiles and garments, to foodstuffs, beverages, pharmaceuticals, soap and toiletries, enamel wares, aluminium wares, steel products, cement, fertiliser, marble and porcelain wares, rubber goods, leather, packing materials, pulp, paper and paints, etc.

2.2. POTENTIAL OPPORTUNITIES FOR FOREIGN INVESTORS

Strengths and weaknesses of local companies

The strengths of local companies generally include established business contacts, relationships, and networks with stakeholders, as well as having established brands and a better understanding of the local culture, including corporate culture. However, they frequently suffer from weaknesses common to emerging markets, such as capital limitations, technological and technical restraints, and a lack of international standards in the manufacturing of globally competitive goods.

Opportunities for Foreign Investors

Foreign investors with plans to invest in the local manufacturing sector should con-

sider setting up a factory in an SEZ as it presents attractive tax breaks and incentives, plus strategic locations providing improved access to international markets. Furthermore, the government is also planning to establish new industrial zones in other regions besides Yangon with the aim of attracting more foreign investment. However, details are yet to be announced.

The following are some of the sectors investors can look into:

- Agro-processing industries at locations near agricultural production in rural areas
- Capital-intensive industries, such as automotive and land machinery, particularly at locations with good access to international and domestic markets (e.g. SEZs)
- Chemical industries (e.g. pharmaceutical and plastic articles) based on local and regional demand
- Industrial services (e.g. waste water management, recycling, training)
- High-tech industries (e.g. in Yangon, Nay Pyi Taw, Bago and Mandalay) based on local, regional and global demand, and the opportunities through the proximity of international airports
- Labour-intensive industries in second-tier cities (e.g. Patheingyi, Bago, Hpa-an), in the area of production of garments and shoes or the assembly of toys and stationery articles (the garment sector is included in the national export strategic master plan for 2015-2019 and is also forecast to earn the highest export income. At the same time, a master plan drafted by the Myanmar Garment Manufacturer Association (MGMA) targets USD 10 billion from the export of garments by 2024.)
- Production of construction materials (e.g. Bricks, Cement, Doors, Glass, Paints, Steel, Windows, etc.)
- Wood-processing industry particularly based on hardwood and bamboo such as furniture production, paper and cardboard production, etc.

The advantages of manufacturing in Myanmar lie primarily in labour and location. Although skilled workers are limited, working-age labourers who can be trained to become an efficient workforce are abundant in Myanmar. The World Bank estimates that approximately 68% of Myanmar's total population is between the ages 15-65 years. In 2015, the government put in place a minimum wage of MMK 3,600 (about USD 3) per day, lower than the regional average. Myanmar has a geographical advantage in that it is located between two of the world's largest economies, China and India, while offering a strategic port and access to continental Asia without requiring passage through the Malacca Straits.



3

3. GOVERNMENT RULES AND REGULATIONS ON FOREIGN INVESTMENTS

3.1. GENERAL LEGAL/INVESTMENT STRUCTURE

In 2012, parliament approved the Foreign Investment Law (“FIL”), the legal cornerstone for foreign investment. The key points of this law are:

- 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)

For investments allowed only in 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, however, 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 the economic reform initiatives in the banking and finance sector, including Yangon Stock Exchange, and set out clear regulations for better corporate governance.

According to DICA, the following relaxations will also be made in a move 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 barred from foreign ownership

3.2. MANUFACTURING-RELATED RULES AND REGULATIONS

Notification 26/2016 issued by the MIC distinguishes business activities based on their types of ownership. The notification categorises business activities which are prohibited, which can only be conducted in the form of a joint venture with Myanmar citizens or the government, and which can only be conducted under specific conditions (please refer to the annex for the full list).

Activities permitted for 100% foreign ownership

Economic activities which are not included in the notification can be carried out with 100% foreign investment. This requires the approval of the relevant Ministry, except for investments reviewed by the MIC.



Activities permitted for joint ventures

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

SECTOR

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 chemicals available domestically, solid, liquid and gaseous fuel and aerosols, oxidants, corrosive chemicals and industrial chemical gases (excluding petroleum and gas products)

DESCRIPTION

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.

ACTIVITIES PERMITTED SUBJECT TO “OTHER CONDITIONS” AND WHICH MUST BE DONE BY WAY OF A JOINT VENTURE WITH MYANMAR CITIZENS, THE RELEVANT MINISTRY OR GOVERNMENT DEPARTMENT

SECTOR

Manufacturing cigarettes is subject to a 50% domestic raw material requirement for the first three years (or alternatively, at least 50% of raw materials must be purchased from export earnings of local Virginia) and a 90% export requirement. It is also subject to the approval of the Ministry of Industry. The new notification does not expressly provide information on whether a foreign investor is required to enter into a joint venture with a Myanmar citizen, the Ministry of Industry or a government department.

Production and marketing of explosive chemicals and flammable liquids and solids is permitted only by way of a joint venture with the government.(excluding petroleum and gas products)

DESCRIPTION

Foreign investment is permitted only in the form of joint venture with Myanmar citizens, the relevant ministry or government department and subject to other conditions that may be imposed by MIC and/or the relevant ministry. The foreign capital invested in a joint venture between a foreign investor and a Myanmar citizen must not exceed 80% of the total investment. This restriction does not expressly apply to joint ventures between a foreign investor and the state.80% of the total investment amount.

ACTIVITIES PERMITTED ON THE RECOMMENDATION OF THE RELEVANT MINISTRY AND WHICH MUST BE BY WAY OF A JOINT VENTURE WITH MYANMAR CITIZENS

SECTOR

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

Manufacturing of medicinal drugs using controlled chemicals

DESCRIPTION

Foreign capital invested in a joint venture between a foreign investor and a Myanmar citizen 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.

Activities under prohibition

Certain elements of the electric distribution network, like power system control and power trading, remain restricted.

SECTOR

Manufacturing of arms and ammunition and related services

DESCRIPTION

These activities are only allowed to be undertaken by Myanmar citizens only. However, MIC may permit foreign investment where the investment is in the interests of the state and Myanmar citizens, particularly ethnic groups.

Investing in Special Economic Zones

With their focus on expanding Myanmar's manufacturing sector, investing in SEZs will often be the best option given the lucrative benefits for investors compared with other industrial zones. The following explains the privileges that investors enjoy when setting up their business presence in SEZs.

According to the Special Economic Zone Law enacted in 2014, there is a zone catego-

rization in SEZs as free zones, promotion zones and others. Free zones are intended to encourage export-oriented activities and include manufacturing, transportation and wholesale businesses. Free zone activities are entitled to reduced custom duties and other tax exemptions related to the goods made in the SEZs and the goods imported as raw materials.

Promotion Zones are focused on the domestic market and the local market within SEZs. In this zone, businesses such as manufacturing, housing, departmental stores, banking, insurance, schools, hospitals and recreational places can be invested in.

TAXES AND DUTIES

FREE ZONES

Income tax exemption for the first seven years

After seven years, 50% relief of current legal income tax rates for five years

After 12 years, 50% relief of current legal income tax for profit that is reinvested within one year as a reserve fund for the next five years

Exemption from commercial tax or valued-added tax

Exemptions from customs duties and other relevant taxation on imports of raw materials for production machinery instrument and necessary spare parts for production; construction material for building such as factories, warehouses and own offices and motor vehicles

PROMOTION ZONES

Income tax exemption for the first five years

After five years, 50% relief of current legal income tax rates for the second five years

After 10 years, 50% relief of current legal income tax for profit that is reinvested within one year as a reserve fund for the next five years.

For the first five years, exemptions from customs duties and other relevant taxation on production machinery and replacement parts; and construction materials for building the business's own facilities, such as factories, warehouses and offices.

For the resources listed above, 50% relief of the custom duties and other taxation the next five years.

TAXES AND DUTIES

Exemptions of customs duties and other relevant taxation on the import of trading goods, consignment goods, motor vehicles and other materials which are essential for a business's free-tax wholesale trading, export trading and services of provision and transportation.

The option to apply for exemption on import tax or value-added tax for goods imported from a local or Promotion Zone to a Free Zone for the investor of Free Zone.

For the resources listed above, the option to apply for a refund of customs duties and other taxation paid on importing them, if the goods they produce are exported abroad or into a Free Zone.

Exemption of commercial tax and value added tax during the relevant relief period provided in the Special Economic Zone Law.



4. CHALLENGES AND OUTLOOK

Myanmar's manufacturing sector has significant potential to be an engine of growth in the long run. However, the country's relatively under-developed infrastructure imposes major challenges for both foreign and local investors in the manufacturing sector.

According to the latest Logistics Performance Index (LPI) statistics released by the World Bank, Myanmar ranked at 113 of 160 in 2016. For now, nearly all manufacturing companies and factories use secondary power generators because of the country's unsteady and low-voltage electricity. The country's current electrification rate is 33%, but this is expected to reach 100% by 2030 with the help of international financial aid. The government is also doing its best to improve the domestic road network with the help of international agencies. Nonetheless, given these limitations, the capital costs of investing in Myanmar are high.

Yangon's industrial zones have been left largely to fend for themselves while the government focuses on SEZs. These industrial zones have lagged behind SEZs in terms of infrastructure and other investor benefits. However, the government will need to ensure these industrial zones attain good infrastructure and reach international standards, simply because there are far more of them, with far more investors currently, than there are in SEZs. If these zones can fulfil the infrastructural needs of manufacturing, their attractiveness to foreign investors will increase significantly.

Despite these challenges, Myanmar's manufacturing sector is highly likely to have strong growth in the coming years given infrastructure development, an improving regulatory climate, better access to international markets, and the large pool of low-cost labour. If the government is able to ensure the country remains on this path, with strong incentives available for companies willing and able to commit to Myanmar's future, the manufacturing sector will undoubtedly become a major source of FDI and a driver of economic growth.



5

**5. INDUSTRY CONTACT
INFORMATION**

5.1. GOVERNMENT OFFICES

The Ministry of Industry is the focal Ministry for most manufacturing activities. However, when investing in the manufacturing sector, investors need to undergo certain processes from other relevant Ministries. For example, when setting up a plant manufacturing pharmaceutical products, the investor needs to obtain a recommendation from the Ministry of Health and Sports.

Ministry of Industry

MAILING ADDRESS

Director General
Ministry of Industry
Building No. 30, Office Compound, Nay Pyi Taw

CONTACT

+ (95) 67- 405 320, 405 055, 405 413,
405 151, 405 059

Ministry of Commerce

Importing raw materials for production and exporting manufactured goods can only be done with an export/import license issued by the Ministry of Commerce. Trading licenses for most products are issued in Yangon

MAILING ADDRESS

Director General
Department of Trade
Ministry of Commerce
Building No. 3, Office Compound, Nay Pyi Taw

DIRECTEUR GENERAL

+ (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 the 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

DICA and MIC are the lead government bodies for foreign business incorporation in Myanmar. 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
DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION	Address: No.1, Thitsar Road, Yankin Township, Yangon + (95) 1- 658 143, 657 891, +(95) 67- 406 471
MYANMAR INVESTMENT COMMISSION	Address: No.1, Thit Saw Road, Yankin Township, Yangon
CONTACT	+ (95) 1- 657 891, 658 127 to 30

City Development Committees

Before developing manufacturing plants, investors need to apply for construction permits from regional city development committees to proceed with the construction work.

ENTITY NAME**PHONE NUMBER**

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 authority of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and are located at the UMFCCI building.

Ph: + (95) 1 – 231 4344 ~ 49 (Ext: 122)

Email: ird@umfcci.org.mm , ird@umfcci.com.mm

ENTITY NAME**PHONE NUMBER****EMAIL/WEB**

Myanmar Industries
Association

+ (95)-1-214 830
214 831
+ (95)-1-214 832

industries.association.
mm@gmail.com

www.myanmarindustries.org

Myanmar Garments
Manufacturers
Association

+ (95)-1-230 0253

inquiries@myanmar-garments.org

Myanmar Plastic
Industries Association

+ (95)-1-214 835

-

Myanmar Automobile
Manufacturer and
Distributor Association

+ (95)-9-425 315 222,
253 263 634

www.madamyanmar.com

Myanmar Pulp
and Paper Industry
Association

+ (95)-9- 506 7193

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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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