

Update on the Investment Climate in Myanmar

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Director General / Secretary
MIC

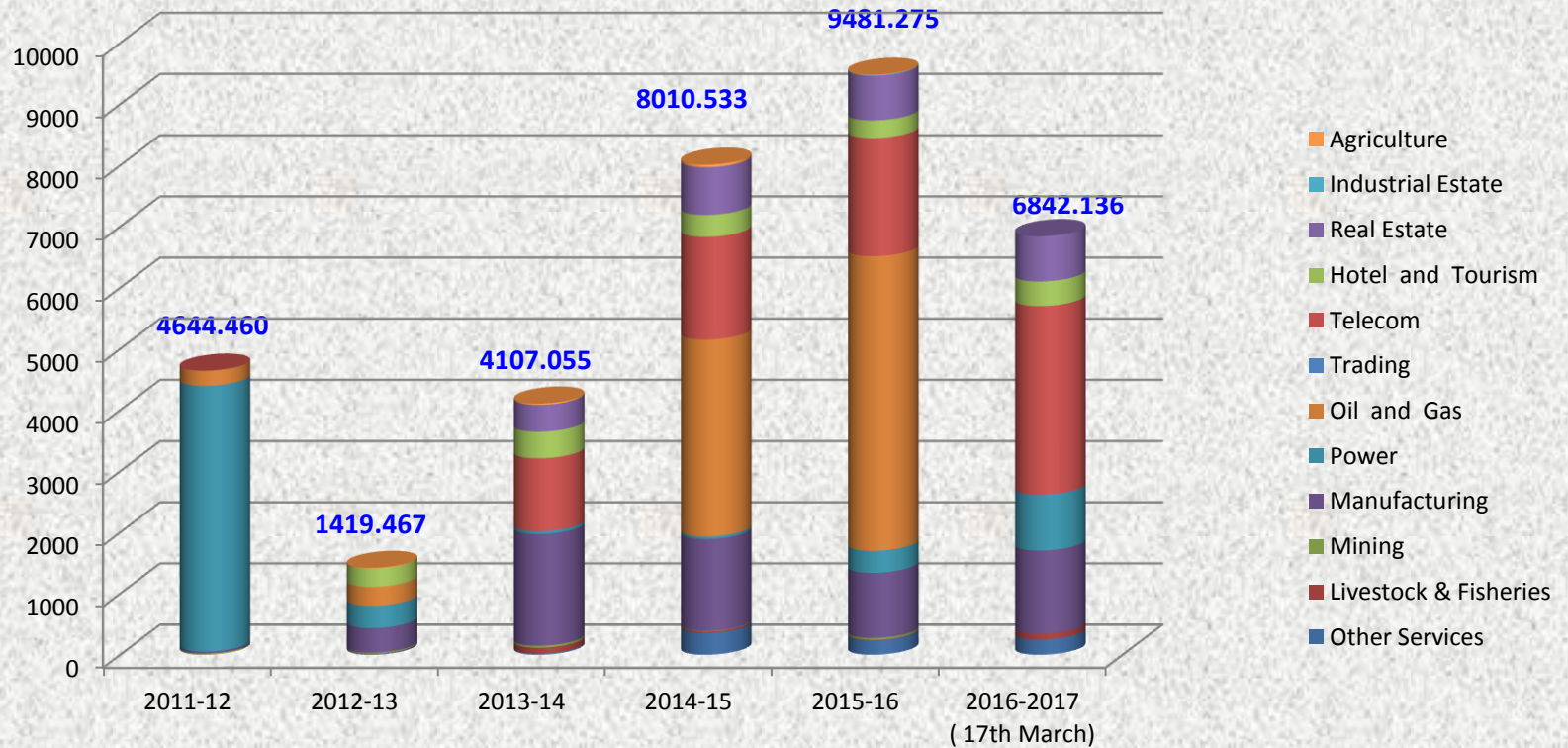
Outline

- ❖ Myanmar Nowadays
- ❖ Trend of Investment
- ❖ Reforms
- ❖ New Investment Law
- ❖ Way Forward

Myanmar Nowadays

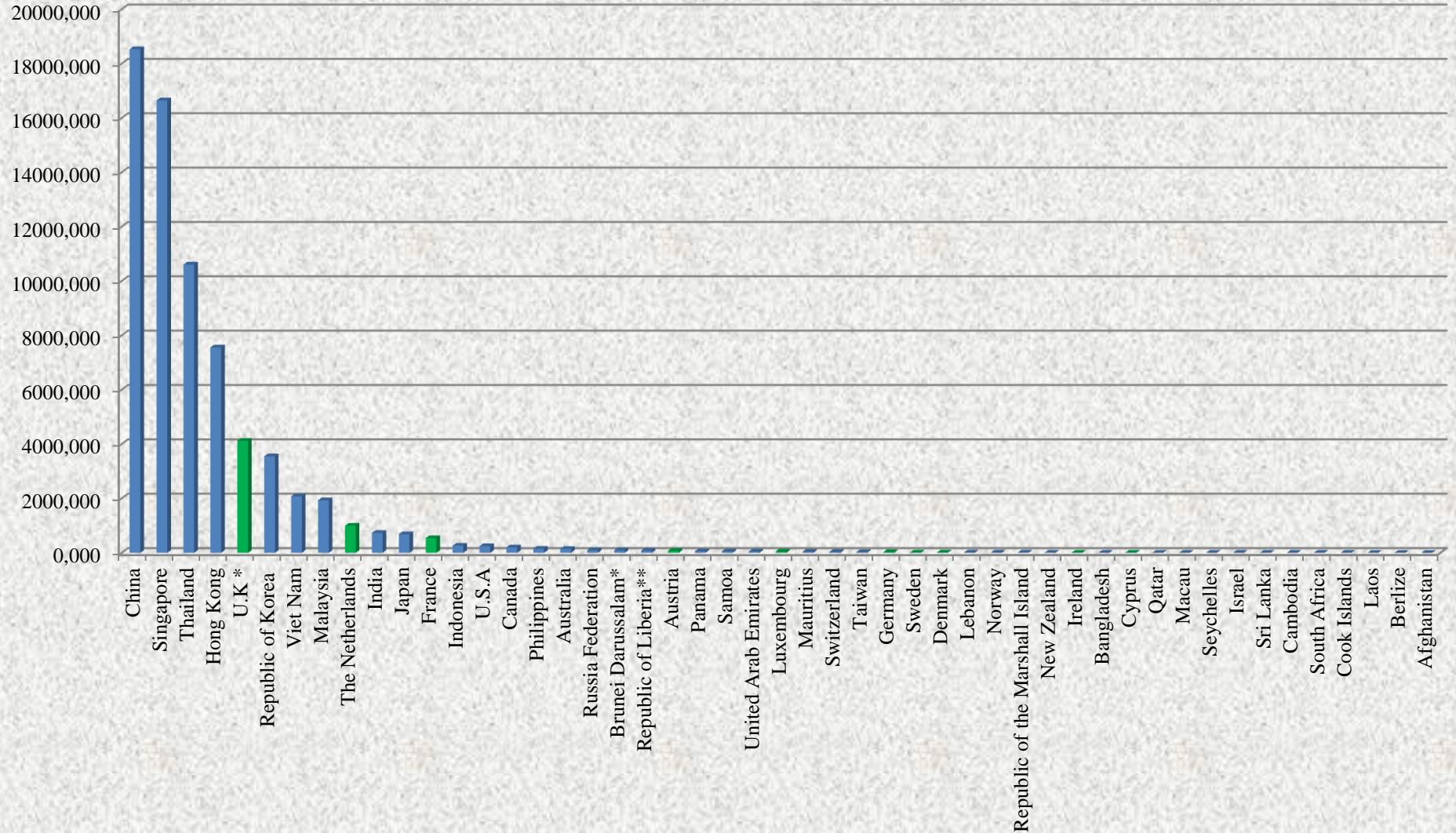
Foreign Investment in Myanmar (2011-2012 to 2016-2017 17th March)

(US\$ in Million)



Foreign Investment in Myanmar (1988-1989 to 2016-2017 17th March)

(US\$ in Million)



Top Invested Sectors



Oil and Gas
31.85%



Electric Power
29.27%



Telecommunication
11.61%



Manufacturing
11.03%

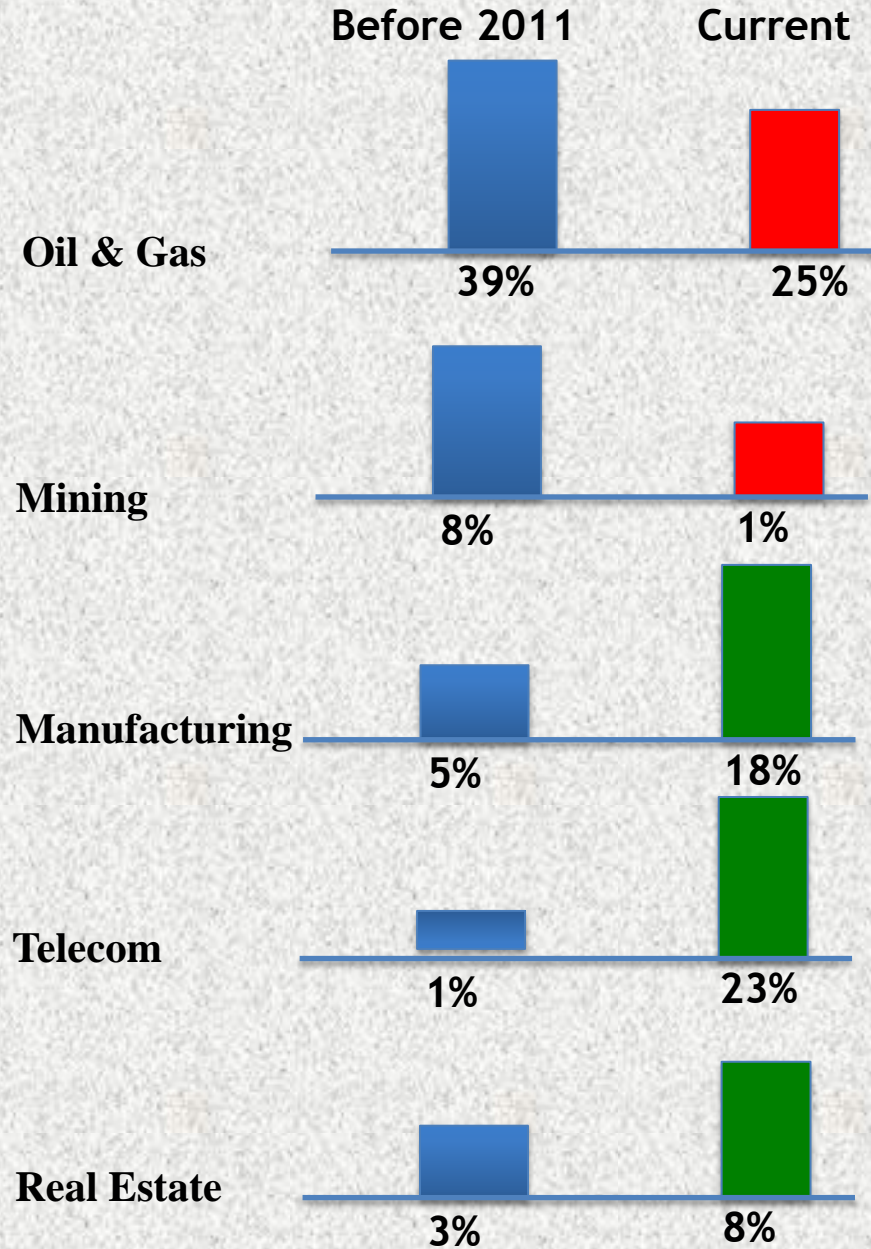


Real Estate
5.33%

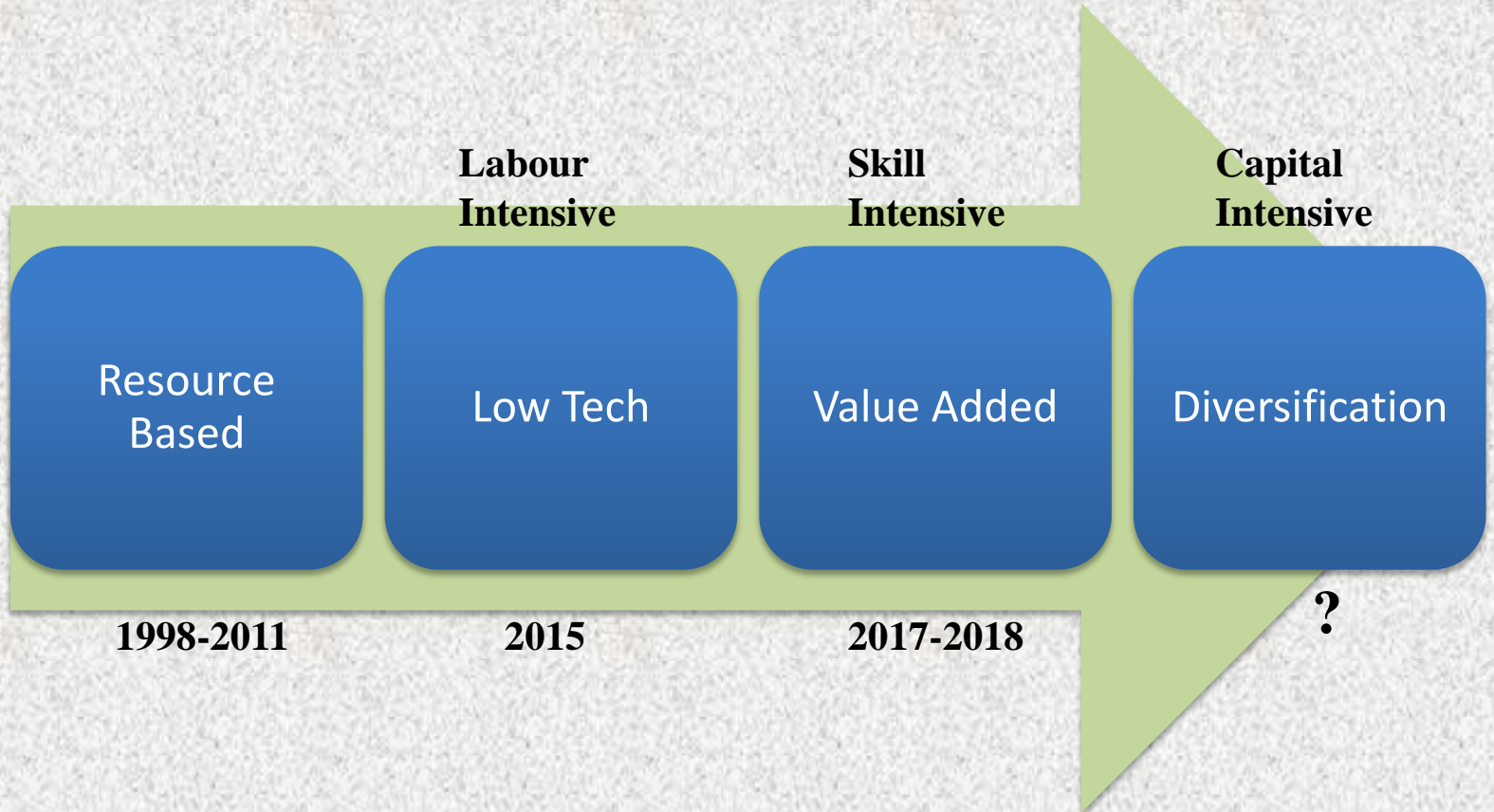


Trend of Investment

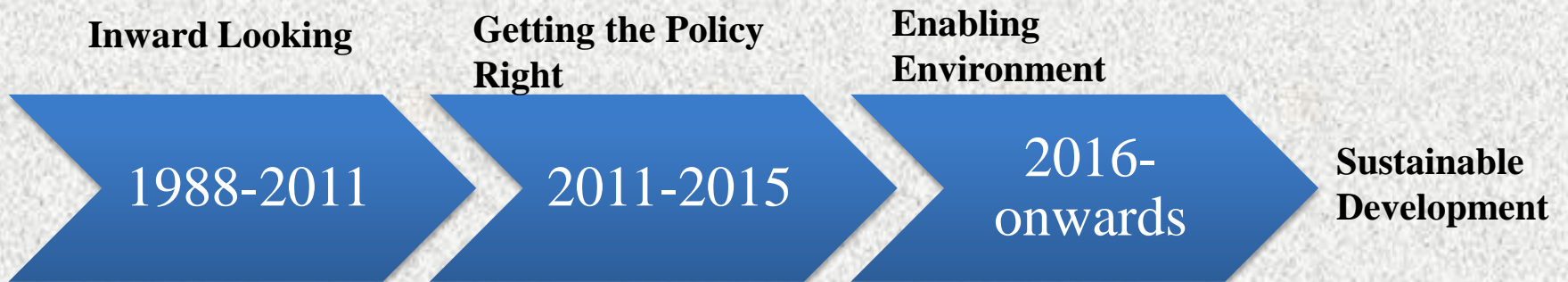
Sector Change



Industry Change



Policy Change



Reforms

Types of Reforms

❑ Policy Reforms

- More open, more liberalized and more protection
- Improve business environment
- Decentralization
- Promote responsible business

❑ Legal Reforms

- New Investment Law
- New Companies Law
- Other business related laws

❑ Regulatory Reforms

- Streamlined procedures & Simplification
- Enhance predictability
- Help SME growth

Myanmar Investment Law

Objectives (Chapter 2)



Develop Responsible Business

**Protect Investors and their
Investments**

**Develop Businesses and
Investments that meet
International Standards**

Role of the Myanmar Investment Commission

Myanmar Investment
Commission (MIC)

Directorate of
Investment and
Company
Administration
(DICA)

- **MIC Mandate and Functions** include: acting as investment promotion agency; investment facilitation; advise on investment policies; reviewing on incentives; responsible business; investment grievance mechanism.
- **Report** periodically to the President and Pyidaunghsu Hluttaw on the progress and issues of investment in the Union.
- **Annual Review** and proposal to eliminate sectors from restricted list;
- **Delegation** of certain functions to Chairman and Members except powers to make Rules;
- **Encourage** Responsible Investment.

Investments Requiring MIC Permit (S. 36)

- (a) Businesses /investment activities that are strategic for the Union;
- (b) Large capital intensive investment projects;
- (c) Projects which have large potential impact on the environment and the local community;
- (d) Businesses/ investment activities which used state-owned land and building; and
- (e) Businesses/ investment activities which are designated by the Government to require the submission of a proposal to the Commission.

Restricted sectors (Negative list)

Prohibited Sectors (S. 41)

- Hazardous/ poisonous
- Untested technologies unless R&D business
- Damage to environment
- Affect Public Health
- Prohibited under other laws

Restricted (S.42)

- Limited to Government (e.g. power transmission)
- Restricted to Foreign Investors
- JV between foreign and citizen investors
- Notification by MIC (e.g. Notification 26), subject to review if need to liberalise, amend or remove

Special (s.46)

- Significant impact on security, economic condition, the environment and national interest
- Approval from Parliament

Investors' Rights and Protections

**National
Treatment
(s. 47 (a) and
Most
Favored
Nation
Treatment
(s. 47(b))**

**Fair &
Equitable
Treatment
(s.48)**

**Rights to
Use Land
(s. 50)**

**Right to
Employ
Expatriates
(s.51)**

**Investment
Guarantee
(s.52)**

**Transfer of
Funds
(s.56)**

Investment Guarantee (Ch.14)

Conditions for an expropriation (S.52):

- for public purposes;
- in a non-discriminatory manner;
- The investors are to be provided with prompt, adequate and effective compensation; and
- In accordance with due process of law.

Direct Expropriation	Indirect Expropriation
<ul style="list-style-type: none">• Formal transfer of legal title• Outright seizure of the investment of the foreign investors	<ul style="list-style-type: none">• A measure or series of measures that has similar effect to direct expropriation even without formal transfer or outright seizure of the legal title over the investment.• This is decided on a case-by-case basis.

Settlement of Disputes (Ch. 19)

GRIEVANCE MECHANISM (S. 82)

MIC to establish and manage a grievance mechanism to inquire and resolve issues before they become legal disputes and to prevent the occurrence of disputes.

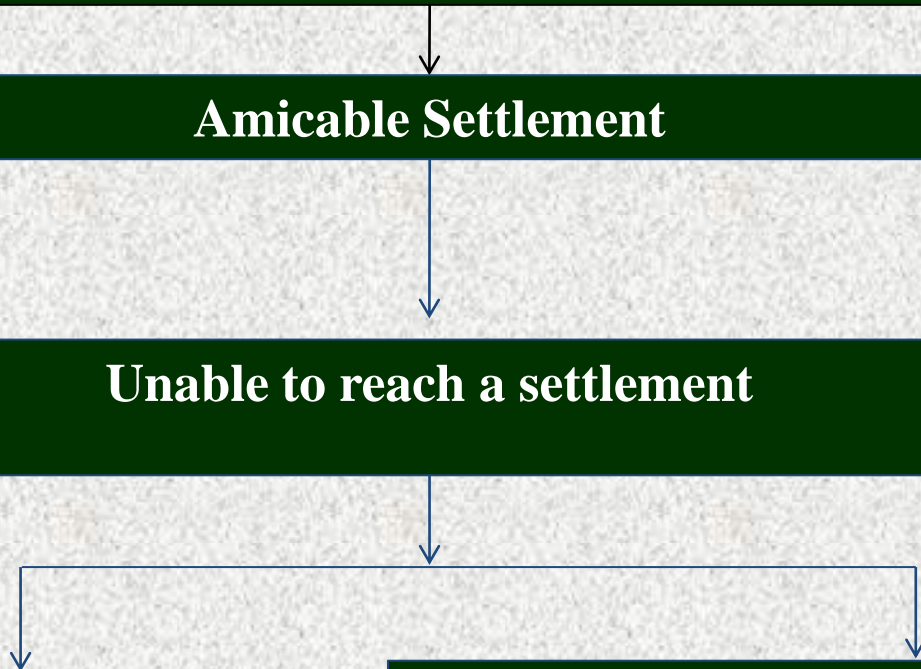
Dispute Between Investor and State
(Claims for Breach of the Investment Law)
(To show loss or damage)

Amicable Settlement

Unable to reach a settlement

**Domestic Court/ Tribunal in
accordance with the law**

**Other forms if stipulated
in an agreement
(international arbitration)**



Promoted Sectors



Manufacturing



Infrastructure



Agriculture



Tourism



Promoted Sectors



Education



Health



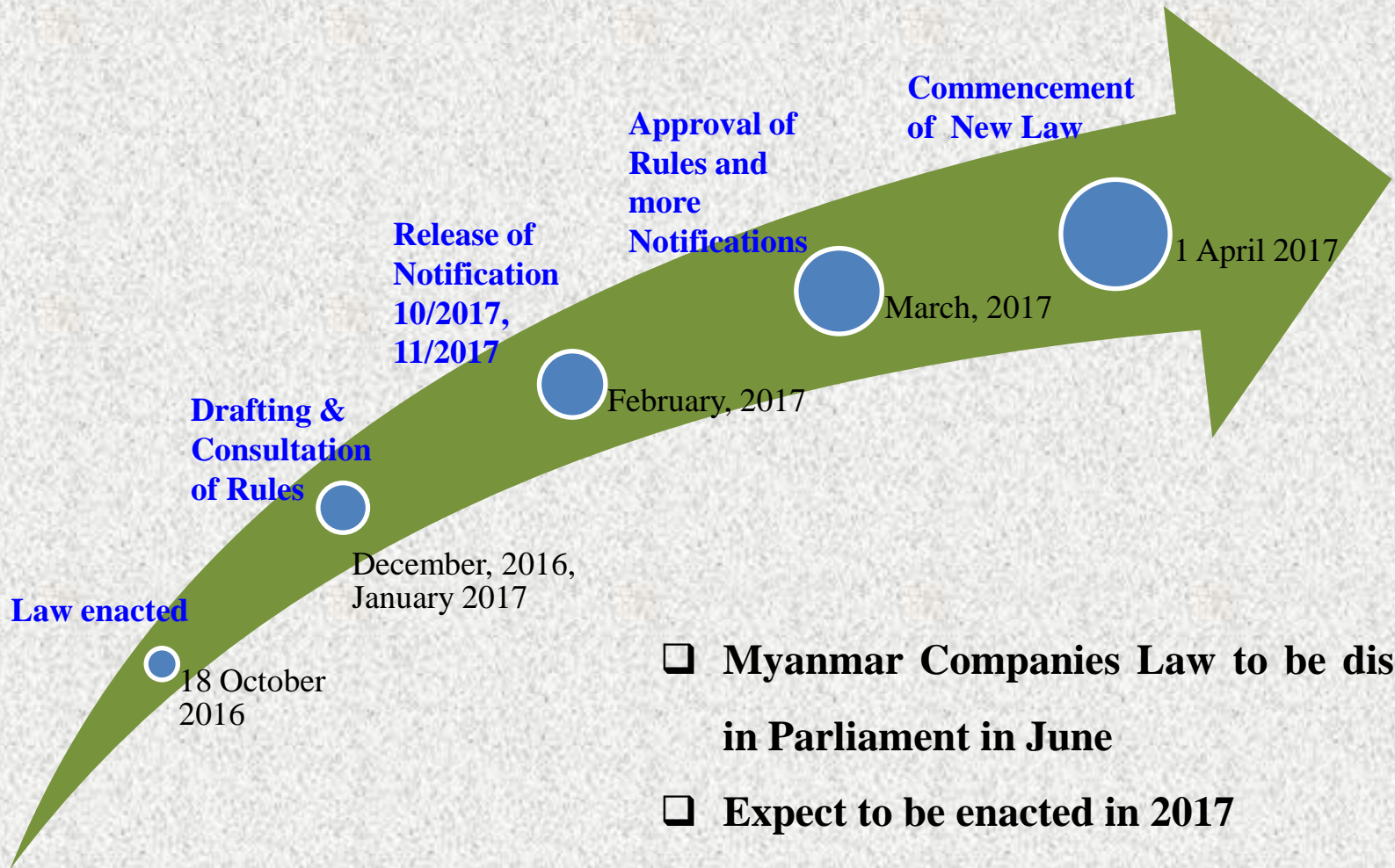
Renewable
Energy



Technology



Way Forward



- Myanmar Companies Law to be discussed in Parliament in June
- Expect to be enacted in 2017

Thank You

Cooperator of Business Community,

Developer of National Economy

DICA

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