



**BUSINESS GUIDE 2018**

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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.

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, December 2017





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## ACRONYMS

<i>AEC</i>	<i>ASEAN Economic Community</i>
<i>ASEAN</i>	<i>Association of Southeast Asian Nations</i>
<i>BOT</i>	<i>Build-Operate-Transfer</i>
<i>DICA</i>	<i>Directorate of Investment and Company Administration</i>
<i>ESHA</i>	<i>European Small Hydropower Association</i>
<i>FIL</i>	<i>Foreign Investment Law</i>
<i>IASH</i>	<i>International Association for Small Hydro</i>
<i>LNG</i>	<i>Liquefied Natural Gas</i>
<i>LPG</i>	<i>Liquefied Petroleum Gas</i>
<i>MIC</i>	<i>Myanmar Investment Commission</i>
<i>MOEE</i>	<i>Ministry of Electricity and Energy</i>
<i>MOU</i>	<i>Memorandum of Understanding</i>
<i>MPE</i>	<i>Myanmar Petroleum Enterprise</i>
<i>MPPE</i>	<i>Myanmar Petroleum Products Enterprise</i>
<i>NEMC</i>	<i>National Energy Management Committee</i>
<i>SHP</i>	<i>Small Hydropower Plants</i>
<i>SME</i>	<i>Small and Medium Enterprise</i>
<i>UNIDO</i>	<i>United Nations Industrial Development Organization</i>
<i>YESC</i>	<i>Yangon Electric Supply Corporation</i>







# 1 COUNTRY OVERVIEW OF MYANMAR

## 1.1 COUNTRY OVERVIEW

Myanmar's growth has been constrained by decades of political instability, government mismanagement, and isolation from the international community. However, since the military-backed government adopted a series of political, economic, and administrative reforms in 2011, the country's growth has expanded rapidly. The government liberalized the market, allowing privatization of certain business sectors previously dominated by the state and development of public-private partnerships. Import restrictions were also relaxed and export taxes were abolished, which resulted in improved investment opportunities and growth in a variety of sectors.

In fact, according to the Asian Development Bank (ADB), Myanmar is the fastest growing economy in Southeast Asia today; the country's GDP is forecasted to reach an estimated growth rate of 7.7% in 2017 and 8.0% in 2018.<sup>1</sup> Foreign direct investment (FDI) is projected to increase as the government drafts and enforces business-friendly measures. A new Myanmar Investment Law (MIL) was enacted in April 2017; the law combines aspects of the previous Foreign Investment Law of 2012 (FIL) and Myanmar Citizens' Investment Law of 2013. The National League for Democracy (NLD) government has also drafted a new Myanmar Companies Act (MCA), which combines elements of the Myanmar Companies Act of 1914 and the Special Companies Act of 1950; the Act aims to strengthen the Myanmar economy by creating a set of clear, transparent, and consistent regulations with better corporate governance and accountability.

However, despite the government's initiatives in fostering best business practices in the country, investors still face domestic risks. In particular, peace agreement talks between ethnic armed groups are still ongoing, and the government has had to accommodate a range of stakeholders with diverging interests in the economy. Nonetheless, economic growth in Myanmar remains robust, offering large potential for business relationships to take place between foreign investors and local stakeholders.

This report serves as a guide for European small-to medium sized enterprises interested in investing in Myanmar; it starts with a brief overview of the country and current investment institutions, followed by analyses of select sectors that offer great potential for growth and returns on investments.

## 1.2 CURRENT BUSINESS SITUATION

With a total land area of 676,578 square kilometres, Myanmar is the largest country in mainland Southeast Asia. It is located between two of the world's most dynamic economies, China and India, and shares borders with Bangladesh, Laos and Thailand. Myanmar's coast line stretches from the Andaman Sea to the Bay of Bengal, which provides the country with the potential to be a regional trading and logistics hub. Given Myanmar's vast areas of fertile land and rich reserves of natural resources (including hydrocarbons), the country's main sources of foreign income are agricultural exports and natural gas have become the country's major sources of foreign income.

<b>OFFICIAL NAME</b>	Republic of the Union of Myanmar
<b>AREA</b>	676,578 square kilometres
<b>POPULATION</b>	Over 53 million in 2015
<b>REGIONS</b>	15 regions
<b>CAPITAL</b>	Naypyidaw
<b>GDP</b>	USD 67.43 billion in 2016
<b>CURRENCY</b>	MMK (Kyat)
<b>FDI</b>	USD 9.5 billion (2015 – 2016 FY)
<b>TOP EXPORT ITEMS</b>	Natural Gas, Agricultural Produce

Table 1: Power production by region (Source: ADB, Myanmar Energy Assessment, Strategy and Road Map)



Figure 1: Map of Myanmar





## 2 EU-MYANMAR RELATIONS

The European Union (EU) has been a key player in pushing Myanmar towards democratization. The EU enacted restrictive measures against Myanmar's military regime and only eased sanctions once the Myanmar government commenced democratic reform processes. The EU has since been committed to aiding in Myanmar's peace process, development of human rights standards, and economic growth and trade.



<p><b>1991</b></p> <p>Suspension of defense co-operation Suspension of all bilateral aid other than humanitarian assistance Introduced a visa ban against members of the military regime, members of the government, senior military and security officers and their family members. Suspended high-level governmental visits to Myanmar</p>	<p><b>1990</b></p> <p>Arms embargo imposed</p>
<p><b>1997</b></p> <p>Imposed export ban on any equipment that might be used for internal repression or terrorism List of persons affected by visa ban published Imposed a freeze on funds held abroad by persons named in visa ban list</p>	<p><b>1996</b></p> <p>Widened visa ban on government officials</p>
<p><b>2013</b></p> <p>Lifted all sanctions except for the arms embargo sanction Reinstated Myanmar into the Everything but Arms initiative of the Generalized Scheme of Preferences (GSP) Opened a fully-fledged delegation to carry out the EU-Myanmar Task Force</p>	<p><b>2012</b></p> <p>Suspended sanctions against the government except for the arms embargo sanction</p>
<p><b>2015</b></p> <p>EIB and Myanmar sign a Framework Agreement EU takes part in national reconciliation Election Observation Mission</p>	<p><b>2014</b></p> <p>EU-Myanmar Investment Protection Agreement Human Rights Dialogue</p>

Table 2: Timeline of EU – Myanmar Relations

## **2.1 ARMS EMBARGO**

In response to human rights violations carried out in Myanmar and lack of progress towards democratization, the EU imposed an arms embargo against Myanmar in 1990. However, exceptions were made for non-lethal military equipment intended solely for humanitarian or protective use, equipment for clearing mines, protective or non-lethal clothing, and equipment used by UN and EU personnel.

## **2.2 SUSPENSION OF DEFENCE CO-OPERATION, BILATERAL AID AND VISA BAN**

In 1991, in response to the military regime's lack of progress in addressing human rights violations, the EU suspended defence co-operation, halted bilateral aid, and imposed a visa ban on military and government officials and related personnel. High-level government visits from the EU to Myanmar were prohibited. The visa ban was extended in 1996 to include additional individuals linked to the Myanmar government; the EU Common Position on Myanmar was adopted this same year, confirming previously imposed sanctions.

## **2.3 EXPORT BAN AND FREEZE ON THE FUNDS OF SANCTIONED PERSONS**

In 1997, the EU banned exports of all equipment that might be used for internal repression or terrorist activities. The EU also imposed restrictions on funds held abroad by persons under sanctions. In response to Myanmar's violations of international conventions on forced labor, the EU suspended trade preferences with Myanmar, effectively eliminated the Generalized Scheme of Preferences (GSP) with Myanmar, which allows developing countries to pay lower import tariffs on exports to the EU.<sup>ii</sup>

## **2.4 SUSPENSION AND LIFTING OF SANCTIONS**

After the Myanmar government enacted various democratic and liberal reforms, the EU suspended most sanctions against Myanmar; however, the arms embargo remained in place. In recognition of further positive reforms, the EU lifted most financial and trade sanctions in 2013. The arms embargo is extended annually and presently remains in force until 30 April 2018.

## **2.5 DEVELOPMENT SUPPORT**

As Myanmar continued to make progress towards democratization, the EU provided the government with political and economic development support. They included:

- Reinstating Myanmar into the GSP (except for arms), allowing duty-free and quota-free regulations for the country's export products to European nations;
- Creating a fully-fledged delegation to resume bilateral relations with Myanmar;

- Implementing an EU-Myanmar Task Force to strengthen Myanmar's democratization process;
- Facilitating human-rights dialogues;
- Participating in ceasefire agreement talks with armed ethnic groups; and;
- Deploying an election observation mission during general elections.

Priority areas for bilateral assistance include: rural development, education, peace-building, and governance strengthening.

## **2.6 EU-MYANMAR INVESTMENT PROTECTION AGREEMENT NEGOTIATIONS**

The EU and Myanmar have been negotiating a bilateral Investment Protection Agreement since 2013.<sup>iii</sup> The purpose of the agreement is to:

- Provide a stable and secure environment for both Myanmar and EU investors;
- Protect investors against discrimination;
- Ensure investors are treated fairly and equitably;
- Ensure investments will not be taken away without fair compensation.<sup>iv</sup>

However, following on-going unrest in Rakhine State since August 2017, the EU suspended IPA negotiations on September 14 2017.<sup>v</sup>



# 3

## 3 GENERAL PRACTICE INFORMATION

### 3.1 PROMISING BUSINESS OPPORTUNITIES AND SECTORS

Key sectors for foreign investment include oil and gas, infrastructure, manufacturing, real estate, development, hotel and tourism, and mining. Approved investment skyrocketed from about USD 329 million in 2009-2010 to just under USD 20 billion in 2010-2011. The amount moderated to USD 4.64 billion the following year.<sup>vi</sup> The following chart describes overall amount of FDI permitted on a yearly basis.

Yearly Permitted FDI into Myanmar (1988 - 2017)

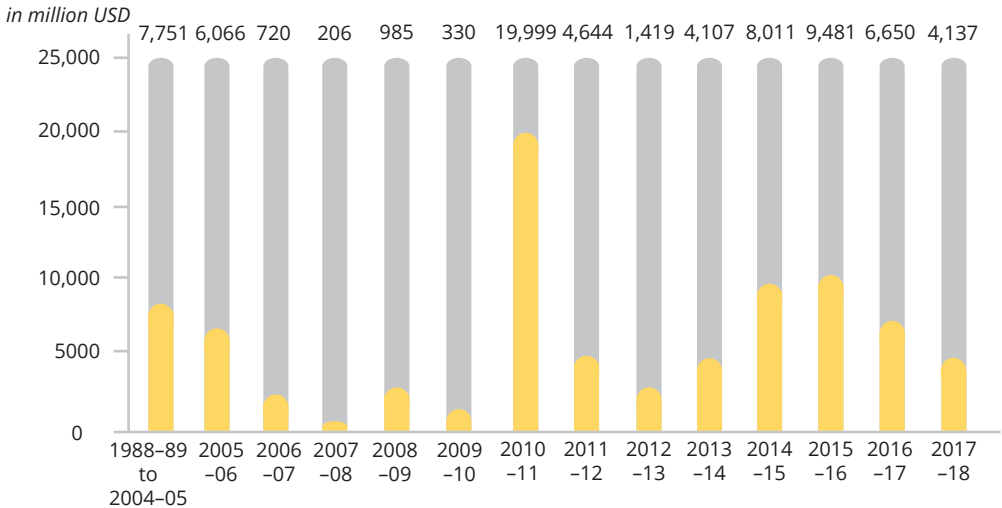


Figure 2: Yearly Permitted FDI Inflow (Source - DICA)

The following chart breaks down FDI by sector. The four largest sectors are: oil & gas, power, manufacturing, and transport & communication; they account for almost 82% of the total FDI inflow.

FDI by Sector (2011 - 2017), USD Millions

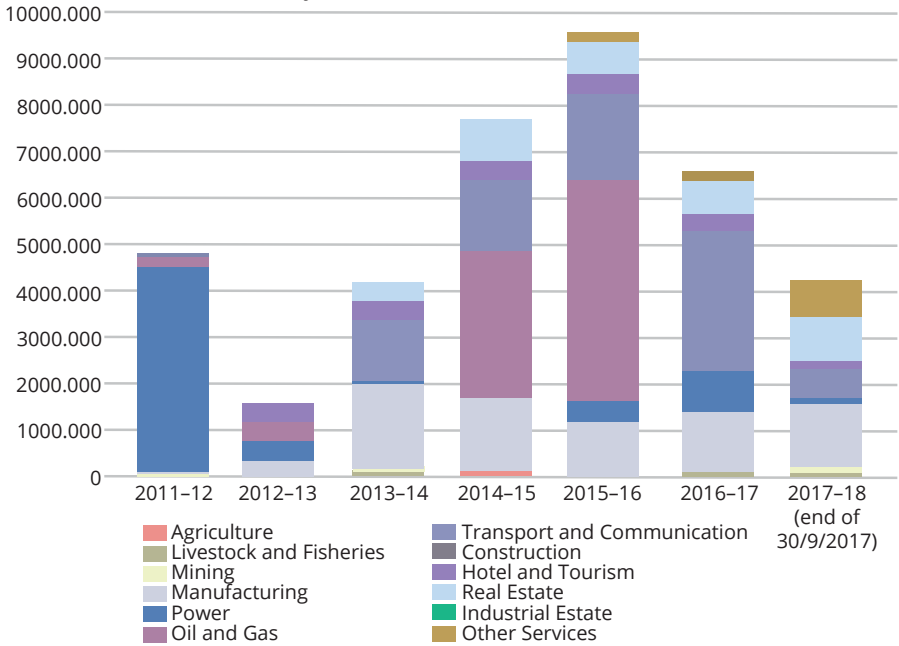


Figure 3: Sector-wise FDI inflow (Source - DICA)

FDI by Sector (1988 - 2017), USD Millions

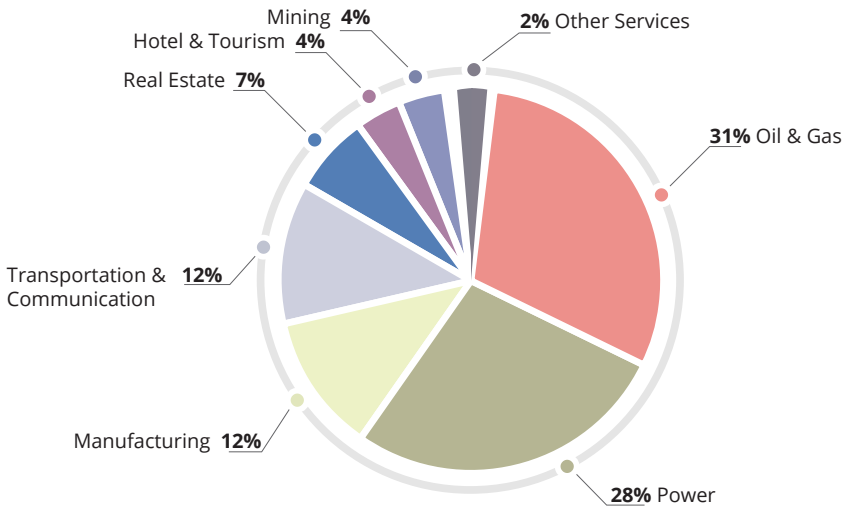


Figure 4: Share of permitted FDI by sector (Source - DICA)



## 4 FINANCIAL SECTOR

Myanmar's banking sector has lagged behind international standards, largely as a result of sanctions that prohibited international banks from engaging in Myanmar. Due to protracted economic sanctions, the Central Bank of Myanmar (CBM) and Myanmar's financial institutions were isolated from global financial markets. However, the government and the CBM have recently taken large strides in developing and implementing reforms to improve financial services, such as by enacting the Financial Institutions Law 2016. Four new foreign bank branch licenses were issued in 2016 (a total of 13 foreign banks now have licenses to operate in-country) and a company entered the Yangon Stock Exchange for trading for the first time. Further, at the end of 2016, the World Bank launched a Myanmar Financial Sector Development Project worth USD 100 million, which, aims to reform state-owned banks and enhance the financial sector legal, regulatory, and supervisory framework.

### 4.1 FOREIGN EXCHANGE AND EXCHANGE CONTROL

The Foreign Exchange Management Law (FEML) 2012 and the Foreign Exchange Management Regulations:

The FEML defines foreign exchange as “foreign currency and all deposits, credits and balances in any foreign country or payable in any foreign currency, and any documents or instruments expressed or drawn in Myanmar currency but payable in any foreign currency.”

2014 regulate foreign exchange activities:

The Central Bank of Myanmar 2013 law defines foreign exchange as:

- Foreign currency in cash;
- Payment instruments payable in foreign currency cash or payable abroad;
- Deposits in intergovernmental financial institutions, central banks, treasuries and commercial banks abroad;
- Instruments used for the international transfer of funds; and
- Foreign currency accounts opened and maintained in domestic banks.

Under FEML, the CBM monitors and records funds that enter the country as foreign investment; foreign investors must declare their funds with documentary evidence or risk being prohibited from repatriating funds abroad. Further, investors must

obtain permission from the Foreign Exchange Management Board regarding all foreign exchange activities, including borrowing and repaying the principal and interest of foreign exchange from abroad, payments to persons abroad, and opening accounts in foreign banks and remitting profits.

There are a few options to transfer funds in and out of the country.

- The 28 domestic banks, including 4 state-owned, have formed correspondent banks abroad for international remittances. Most of the correspondent banks are in Asia and Europe. In cases where a correspondent bank is not present in a given country, remittances are carried out through a third party intermediary bank.
- International remittances can be conducted through international money transfer networks, such as Western Union, Money Gram and Xpress Money.
- Several local banks offer trade financing services of LC (letter of credit) issuance; they include CB Bank, KBZ Bank, AYA Bank and YOMA Bank.

## 4.2 BOTTLENECKS FOR FOREIGN BANK BRANCHES

Although the CBM has granted licenses to 13 foreign banks to operate in the country, foreign bank services are limited to wholesale banking services for foreign companies and local and international financial institutions. Retail banking and lending in local currency are prohibited.

The 13 foreign banks with licenses to operate in Myanmar are<sup>vii</sup> :

No.	Banks
1	The Bank of Tokyo-Mitsubishi UFJ, Ltd
2	Oversea Chinese Banking Corporation Ltd
3	Sumitomo Mitsui Banking Corporation
4	United Overseas Bank Ltd
5	Bangkok Bank Public Company Ltd Industrial
6	Commercial Bank of China
7	Malayan Banking Berhad (May Bank)
8	Mizuho Bank Ltd
9	Australia and New Zealand Banking Group Ltd
10	The Joint Stock Commercial Bank for Investment and Development of Vietnam(BIDV)
11	Sinhan Bank
12	E. Sun Commercial Bank Limited
13	State Bank of India

*Table 3: Foreign Banks Granted Licenses to Operate in Myanmar*

The following section provides a brief analysis of sectors that have received significant FDI inflow and continue to have strong potential for growth.

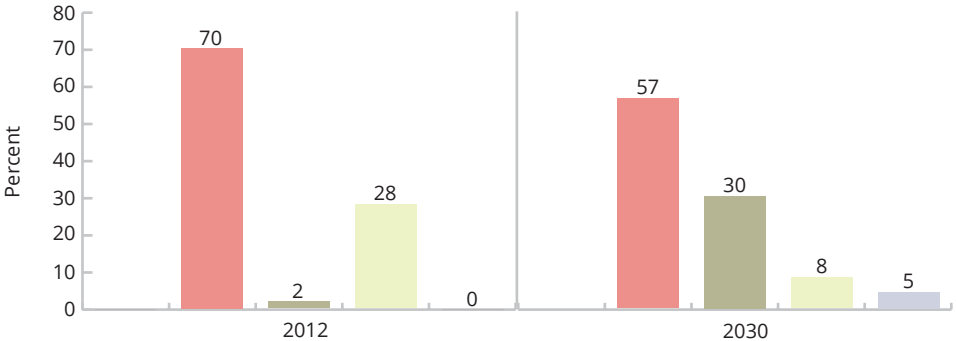


## 5 POWER

About 33% of Myanmar's total population have access to electricity<sup>viii</sup>. Myanmar's power sector supply chain – from generation to transmission to distribution – requires significant investment and development. Currently, Myanmar has around 5,000 MW of installed capacity across 83 plants.<sup>ix</sup>

Myanmar's new energy masterplan aims to achieve complete national electrification by 2030 and indicates that coal-fired, gas and solar power plants will be significant sources of power generation, along with hydropower. The government plans to establish 62 new power plants, while existing power plants will be upgraded to increase production capacity. As a result, there is great potential for the investment in energy generation, transmission and distribution needed to meet increasing energy demand. As of 2017, although the power sector in Myanmar has traditionally been dominated by state-owned enterprises, several foreign investors have formed joint ventures (JVs) with the government.

*Myanmar Changing Energy Mix 2012–2030*



*Figure 5: 2030 Electricity Mix Projections  
(Source: Ministry of Electricity and Energy)*



## 6 MANUFACTURING

Myanmar has considerable potential for manufacturing. The consumer goods sector is one of Myanmar's fastest-growing business areas, due to the country's strong economy, increasing purchasing power, and relatively young population compared with neighbouring China, Thailand, India, Lao PDR, and Bangladesh. Myanmar's proximity to these countries places it within reach of almost 40% of the world's population, underlining its potential to become a regional trading hub<sup>x</sup>.

The government's national plan for economic growth includes prioritizing export growth, which has led the government to invest heavily in infrastructure developments, including roads, hospitals, and power stations. This has subsequently begun to attract foreign investors. Further, in an effort to advance industrialization, the government has created laws and regulations to encourage business investment for both local and foreign investors. SEZs in particular offer lucrative incentives for manufacturing businesses to operate in these areas. Myanmar also aims to become a logistics hub connecting the East and the West through the development of deep-sea ports at all SEZ sites. Myanmar's large labour force and low wages are also significant attractive features for foreign firms in the manufacturing sector. Considering these reasons, several international companies have already established manufacturing units in Myanmar, including Gap, Unilever, Carlsberg, Heineken, Coca Cola, Pepsi, SCG, Nissan and Hyundai.



## 7 TRANSPORT AND COMMUNICATION

According to the World Bank, Myanmar ranks 145 and 113 out of 160 countries studied in 2014 and 2016's Logistics Performance Index (LPI)<sup>xi</sup>, respectively. Recognizing the need for a better transportation system to take advantage of improved trade connectivity, the government has started developing new transportation infrastructure, including a new international airport, deep-sea port and port terminal. The government has also started upgrading existing facilities, including airports and the rail network. Many more projects are expected to fill current gaps in the transportation system, thereby providing foreign investors with the opportunity to engage in infrastructure development and/or upgrading existing facilities or service provision.

The transport sector is presently dominated by firms from East Asia, such as Korea's Incheon International Airport Corporation, Singapore's Yongnam Holdings and Changi Airport Planners and Engineers and Japan's JGC Corporation. Notably, the US, Italy, France and the UK were recently shortlisted for a project aimed at redeveloping the Yangon Central Railway Station, Myanma Railway; however, the railway company stated that interested firms had to purchase a Request for Proposal, which required a USD 4 million deposit. Only two local companies completed this requirement, FMI and Mindama.<sup>xii</sup>

There are also investment opportunities in the telecoms sector. The telecom sector accounted for 31% of FDI in the first months of fiscal year 2014-2015, which amounted to about US\$ 3.32 billion. Yet, despite massive subscriber growth, mobile and internet penetration remains relatively low. With the entry of foreign telecom companies into the sector, such as Ooredoo and Telenor, the subscriber base is expected to grow, thereby increasing telecoms penetration to approximately 40% by 2017. The national mobile network coverage is also expected to grow from 12% in 2014 to 70% in 2017 and 95% by 2020, according to GSMA intelligence.





## 8 REAL ESTATE

Since 2005, the total number of new residential units in Yangon has increased by an average of 20,000 units per annum, which only meets about one-third of property demand. Notable developments include investments from Japan's Mitsubishi Estate and Shwe Taung Group, who are planning USD 442 million and USD 300 million mixed-use real estate projects, respectively<sup>xiii</sup>.

In the tourism sector, accommodation shortage has been a significant challenge. High-quality office space at fair rental prices is also needed in the country, while investment in mid and lower-end real estate projects could make the market more competitive. Given the continued need for commercial high-rise development projects in Yangon, there is large potential for foreign investment in the real estate sector.

Examples of foreign investment include:

- The USD 150 million condominium and hotel development by Hong Kong's Future Group Co. Ltd and Pyay Phyo Tun International Co. Ltd in Myeik, Taninthary<sup>xiv</sup>;
- Starwood Hotels and Resorts Worldwide Inc. 's property development in the country's commercial hub located in Tamwe township; and;
- Yoma Strategic Holdings Ltd's landmark property development in downtown Yangon<sup>xv</sup>.



## 9 SPECIAL ECONOMIC ZONES

Special Economic Zones (SEZs) were established to encourage industrialization, increase trade and investment, and to create job opportunities for locals. Taxation policy and trade laws are different in SEZs; laws that regulate economic activity in the rest of the country do not apply in these areas, such as the MIL. Three SEZs are presently in the development phase: Kyauk Phyu SEZ on the western coast of Myanmar, Dawei SEZ in the south and Thilawa SEZ near Yangon.

### Kyauk Phyu SEZ

- 120 sq km project developed by Myanmar and a consortium led by CITIC, a state-owned Chinese conglomerate;
- Deep sea port, industrial and estate area zones;
- Located along the coast line of Bay of Bengal, close to both Bangladesh and India;
- Strategically located near USD 2.5 billion Myanmar-China Oil and Gas Pipeline;
- Implementation scheduled in three phases; construction commenced in Jan 2016.

### Thilawa SEZ

- 250 sq km project developed by Myanmar-Japan consortium (comprising of Mitsubishi, Maurbeni, Sumitomo, Japan International Cooperation Agency (JICA)) and Myanmar public and private sector companies;
- Deep sea port, industrial and estate area zones;
- Located 23 km southeast of Yangon city center along the Yangon river;
- Completed construction scheduled for Phase 1 of Zone A in Aug 2015 and phase 2 of Zone A in August 2016. Construction on Zone B started in Feb 2017 and slated for completion mid-2018.

### Dawei Deep Sea Port and SEZ

- 196 sq km project developed initially by Myanmar and Italian Thai-Development company (ITD); Japanese government later signed on as third equal partner;
- Deep sea port, industrial zone, power plants and residential area;
- Located at the southern tip of the country touching the Andaman Sea. 350 km from Bangkok;
- After delays, high-level committee and task force were created in March 2017 to recommence the project.

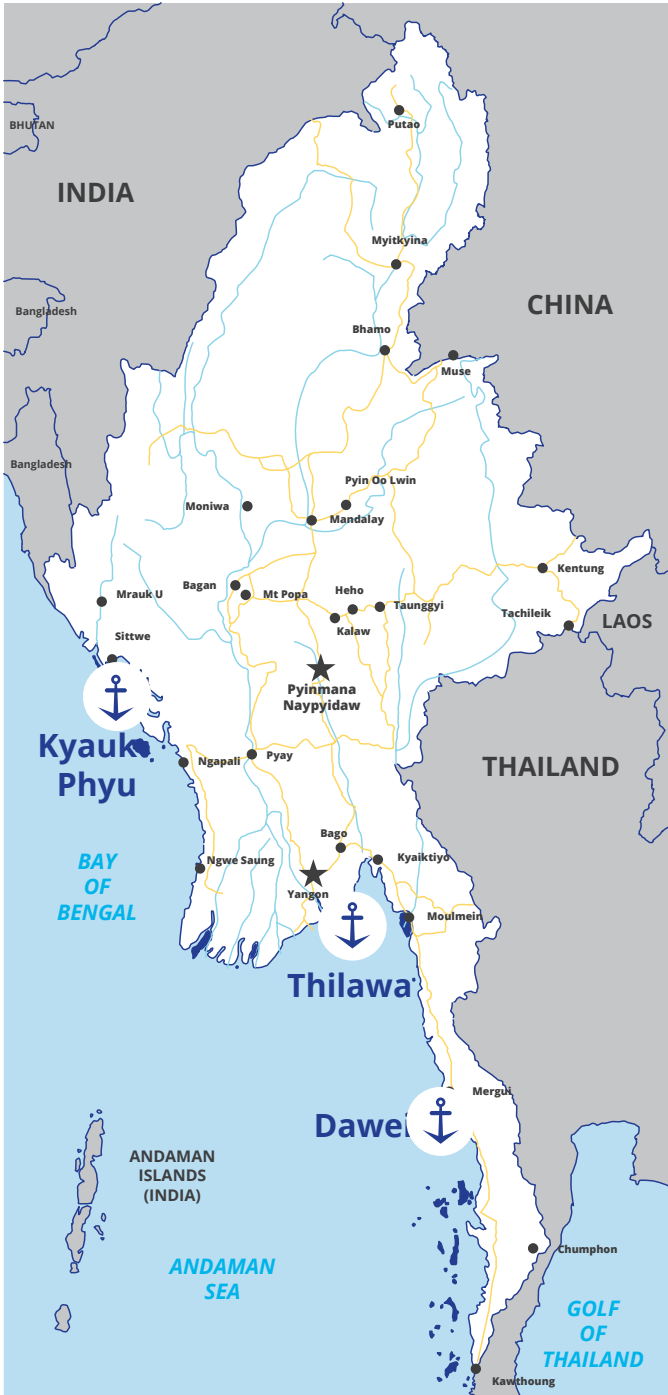


Figure 6: SEZs in Myanmar

## 9.1 RULES FOR INVESTING IN SEZ

Investors in SEZs are governed directly by the Special Economic Zone Law. As a result, investment permits are only granted by the management committees of the respective SEZs. For instance, there is a one-stop service centre located inside Thilawa Special Economic Zone that processes all required licenses and permits on behalf of relevant government ministries or departments. Investors who wish to import goods must register their list of materials to be imported with the SEZ management committee.

### Privileges of SEZ:

- A free zone investor will be exempted from corporate tax for 7 years starting from commercial operation;
- A non-free zone investor (i.e. promotion zone investor), will be exempted from corporate tax for 5 years starting from commercial operation;
- 50% income tax relief on revenue from products sold overseas for the next five years (years 5 – 10);
- 50% income tax relief on reinvestment obtained from export sales for the following five years;
- Exemption on customs duty for certain goods (e.g. machinery and vehicles) for five years. A 50% exemption applies for the next five years;
- Carry forward loss for five years from the year the loss is sustained.

Investors can either invest in free zones or promotion zones. An investor who exports at least 75% of production by value is regarded as a free-zone investor and is eligible for tax exemptions for 7 years. Companies, such as logistics entities that support export-oriented manufacturers, also fall under the category of free-zone investor. Manufacturing companies that focus on domestic supply are considered promotion- zone investors and are eligible for 5 years of tax exemption.

The following describes the application process to open a business presence in Thilawa SEZ:

- Reserve land with Developer, Myanmar Japan Thilawa Development Co.,Ltd;
- Apply for investment approval to the Regulator, Thilawa SEZ Management Committee with necessary documents including the location of the land in the SEZ, location of the factory, water supply plan, electricity supply plan, building/factory construction plan, plan for installation of machinery and equipment and environmental management plan;
- Incorporate company at One-stop Service Centre of the Thilawa SEZ (company incorporation shall only be done after the investment has been approved. Incorporation is a 1 day process.);
- Undergo additional processes for remaining permits such as application of Environmental Conservation and Protection Plan, building permit, fire safety certificate, etc.

## 9.2 TYPES OF BUSINESSES PROHIBITED TO OPERATE IN SEZS

According to the SEZ law, the following business activities are prohibited from operating in SEZs.

- Production, processing of munitions including arms, weapons, explosives for military use, etc., and services rendering for military-related purposes;
- Production, processing or services hazardous to the environment and ecology
- Recycling industries providing waste management services to industries outside Myanmar;
- Production, processing of psychoactive substances and narcotic substances
- Importation or production, processing of poisonous chemicals, agriculture pesticide, insecticide and other goods by using chemical substances, prohibited by international regulations or by the World Health Organization, that affect the public health and environment;
- Businesses utilizing industrial waste imported from abroad
- Production, processing of prohibited substances which may destroy the ozone layer;
- Production, processing and sale of goods made of asbestos
- Production, processing of polluted substances hazardous to the human health and environment.

## 10 OWNERSHIP OF BUSINESS

The new Myanmar Investment Law (MIL) was signed in October 2016 and has been effective since April 1, 2017; the MIL combines the Foreign Investment Law (FIL) 2012 and the Citizens Investment Law 2013. The new investment law was created to attract both foreign and local investors by simplifying the application process and offering tax breaks, incentives, rights and protections for businesses.

The key points of MIL are:

Key Change	Description
Ease of Foreign Investment	Foreign Investors are permitted to own 100% of businesses which are not on restricted or prohibited lists.
Investment Screening	An investor may submit an investment screening application to the Myanmar Investment Commission (MIC) for non-bidding guidance on whether a proposal investment: <ul style="list-style-type: none"><li>• Requires an MIC Permit application;</li><li>• Requires Pyidaungsu Hluttaw (Union Parliament) approval prior to Permit issuance;</li><li>• Is prohibited or restricted under the MIL and related notifications;</li><li>• In a Promoted Sector under the MIL and related notifications.</li></ul>
Devolvement of Authority for Endorsement Application	Application with investments less than USD 5 million in non-strategic and non-restricted sectors will be handled at the State / Regional level, with close involvement of the State / Regional DICA officials.

<b>Key Change</b>	<b>Description</b>
Removal of Blanket Incentives	<p>Business may be granted tax exemptions if investments are in promoted sectors – the duration of tax exemption is contingent upon the areas in which business set up operations.</p> <ul style="list-style-type: none"> <li>• Less developed regions (Zone 1) granted 7 years of tax exemption;</li> <li>• Moderately developed regions (Zone 2) granted 5 years of tax exemption;</li> <li>• Adequately developed regions (Zone 3) granted 3 years of tax exemption.</li> </ul>
Long-term Land Lease possible beyond MIC Permit	Foreign investors may lease land for their business for up to 50 years (+ 10 years + 10 years with approval from MIC) with private landlords or government entities.
Compensation for Expropriation	<p>Expropriation of investments is allowed under the following conditions:</p> <ul style="list-style-type: none"> <li>(a) Necessary for the public interest;</li> <li>(b) Carried out in a non-discriminatory manner;</li> <li>(c) Carried out in accordance due to process of law;</li> <li>(d) On payment of prompt, fair and adequate compensation.</li> </ul>
Grievance Mechanism	MIC will establish and manage a grievance mechanism to inquire and resolve issues before escalation to legal disputes, and to prevent the occurrence of disputes.

According to the Myanmar Investment Law 2017, foreign investors can carry out businesses by the following means:

- As a 100% foreign-owned entity;
- By way of a joint venture with foreign, local, and government entities;
- By way of a mutually-agreed upon contract;
- By way of other investment forms, including build-operate-transfer (BOT) and build-transfer-operate (BTO) systems.

## 10.1 MYANMAR INVESTMENT COMMISSION (MIC)

The Myanmar Investment Commission (MIC) consists of representatives and experts from government ministries, departments, and other non-governmental bodies; they are responsible for approving investment proposals and issuing notifications regarding sector-specific developments. The MIC's mandate is to act "as Myanmar's investment promotion agency; facilitate investment; provide investment policy advice; review incentives; encourage responsible business; and facilitate investment grievance mechanism." The Directorate of Investment and Company Administration (DICA) serves as the secretariat of the MIC.

Foreign companies that register for an MIC investment permit are eligible for tax exemptions and the right to lease land for 50 years with the option to extend their

lease for 10 years two times. Foreign companies that do not require an MIC investment permit only need to apply for a permit to trade from DICA and a registration certificate from CRO.

On 30 March 2017, the Ministry of Planning and Finance published Notification No. 35 / 2017, the final version of the Myanmar Investment Rules (MIR) issued under MIL2016. The MIR and other Notifications issued thereafter provide clarifications and information pursuant to MIL2016. They include<sup>xviii</sup>:

- No. 10/2017 on the Designation of Development Zone;
- No. 11/2017 on the investment capital amount limit for the issuance of endorsement order;
- No. 13/2017 on the Classification of Promoted Sectors;
- No. 15/2017 on the list of Restricted Investment Activities.

## 10.2 LIST OF BUSINESS ACTIVITIES NOT ALLOWED TO BE CARRIED OUT BY FOREIGN INVESTORS

No.	Types of Investment	Industrial Code
1	Publishing and distribution of periodicals in ethnic languages including Myanmar	ISIC 5813, CPC 3241, 8911, 8912
2	Fresh water fisheries and relevant services	ISIC 0312, CPC 0421, 8615
3	Establishment of quarantine station for exportation and importation of animals (Livestock Breeding and Veterinary Department shall undertake to inspect animals and to issue permits)	CPC 8352, 8359, 8612,
4	Pets care service	CPC 8351, 86129
5	Manufacturing of forest products from forest area and government administered natural forest	ISIC 0220, 0230
6	Prospecting, exploration, feasibility study and production mineral for small and medium scale businesses in accordance with the Mines Law	ISIC 0510, 0520, 0710, 0721, 0729, 0990
7	Refinement of minerals by medium scale and small scale	ISIC 2410
8	Performing shallow oil wells up	ISIC 0610
9	Printing and issuing sticker for visa and stay permit for foreigners	ISIC 5819, CPC 89122,91210
10	Prospecting, exploration and production of jade/ gem stones	ISIC 0990, 3211
11	Tour-guide service	CPC 8555
12	Mini-market, convenience store (Floor area must be below (100 ft.x100 ft.) 10,000 square feet or 929 square meters)	CPC 62



## 10.3 MYANMAR COMPANIES ACT

A new piece of legislation called the Myanmar Companies Act was approved by President U Htin Kyaw on December 6, 2017 and will replace an older version of the Act drafted in 1914. The act will improve corporate governance by allowing:

- More flexible capital structures and changes to capital share;
- Ability for foreign investors to purchase shares in the Yangon Stock Exchange;
- Eliminate the requirement for foreign firms to obtain a permit to trade from DICA;
- Possibility to incorporate a one-person company with a unique director.

Importantly, foreign investors will be able to hold up to 35% of ownership interest in a Myanmar company; if foreign stakes constitute more than 35%, the company is considered a foreign company. This will enable foreign investors to invest in companies in sectors that are currently closed to foreign investors (such as industrial equipment and pharmaceuticals), and thereby indirectly help to create foreign interest in companies listed on the Yangon Stock Exchange.<sup>xix</sup>

# 11 LEGAL OVERVIEW OF LAWS RELEVANT TO FOREIGN ENTERPRISES

## 11.1 IP LAWS

Although drafts of Myanmar's IP laws have been ready since 2014, they have yet to pass legislation. Draft bills regarding trademark, copyright, patents and industrial design were presented to the relevant legislation committee on July 24 2017, and are presently pending deliberation. Myanmar has signed the TRIPS agreement under WTO and is obligated to implement IP legislation by 2021.

In the meantime, investors' IP may be protected under certain existing domestic laws. For instance, companies may register a Declaration of Ownership of a trademark, which is accepted as evidence of ownership of a mark. Further, the Competition Law 2015 outlaws unfair competition, including disclosure of business secrets, such as protected business information and business procedures without the owner's consent.

## 11.2 LABOUR-RELATED RULES AND REGULATIONS

The Ministry of Labour, Immigration and Population is comprised of the Department of Labour, Social Security Board, Central Inland Freight Handling Committee, Factories and General Labour Laws Inspection Department and Department of Labour Relations.

The labour force in Myanmar has been growing in recent years, as shown by the number of Myanmar workers aged 15 and older who meet the ILO definition of economically active.

2012	2013	2014	2015	2016
65.81	66.12	66.45	66.8	67.11

Table 4: Population ages 15-64 (% of total) (Source: World Bank)

An overarching labour legislation or employment code presently does not exist in Myanmar; however, there are various labour laws that protect minimum standards for employment in Myanmar, including:

- The Shops and Establishment Act of 2951, which provides maximum number of hours of work for employees;
- The Leaves and Holidays Act of 1952, which provides minimum leave days in

- a work year;
- The Myanmar Social Security Law of 2012, which provides guidelines on employer monthly contributions;
- The Labour Disputes Settlement Law 2012, which provides a framework for employer-employee disputes; and
- The Employment and Skill Development Law, which sets standards for an employment contract.

### ***Recruitment Policy for Foreign Investment and SEZ:***

At least 25% of a company's skilled workforce must be citizens of Myanmar in the first two years of operations. In the third year and fourth year of operation, the percentage of citizens must increase to 50%, and by the fifth and sixth years, the local skilled workforce must represent 75% of the company's employees.

Companies are also required to provide skills training for local staff. All unskilled positions must be filled by Myanmar citizens.

Skilled local staff must be paid the same salary as foreign experts.

### ***Employment Contract:***

The Announcement 1/2015 from the Ministry of Labour, Immigration, and Population states that an employment contract must be signed within 30 days of employment. The employment contract must offer minimum levels of protection as stated by the law. Employment agreements for the appointment of staff must be in accordance with local laws regarding minimum wages, leaves and holiday entitlements, overtime fees, damages, workers' compensation, social welfare packages, insurance and occupational terms and conditions as contained in the employment agreement. Provisions do not meet these minimum requirements are considered void. After drafting and signing the contract with employees, employers must then send a copy of the contract to the township or district labour office for approval. The penalty for violating or failing to sign an employment contract is up to six months' imprisonment, a fine, or both.

### ***Minimum wages and working hours:***

According to announcement 2/2015<sup>xix</sup>, the minimum wage per hour is 450 MMK, and the minimum wage for an 8-hour working per day is 3600Ks per person (although this does not apply to small enterprises with less than 15 employees). Failure to pay minimum wages may result in up to six months' imprisonment and/or up to 300,000 MMK fine.

For blue collar employers, working hours are limited to eight hours per day, 44 hours per week, and six days per week. Adult workers in shops and offices are not required to work more than 8 hours per day or 48 hours per week.

The labour law further states that any person working in excess of legal maximum hours must be paid double their normal wage. For blue collar workers, overtime may not exceed 12 hours per week; for employees in offices and businesses, overtime may not exceed 16 hours per week.

**Leave:**

According to the Leave and Holidays Act 1951, employees are entitled to six days of casual leave, 10 days of annual leave (after their first 12 continuous months of work), 30 days of medical leave (after 6 months of work), and an average of 15 public holidays per year with pay. Both casual leave and medical leave are granted as needed. Employers may require employees to present a medical certificate for medical leave.

**Social Security:**

Employers with five or more employees must participate in the Social Security Scheme. In accordance with the Social Security Law 2012, monthly contributions made by the employer and employee are 3% and 2% of salary respectively. The Social Security Scheme comprises of: the Health and Social Care Insurance System, Family Assistance Insurance System, Invalidity Benefit, Superannuation Pension Benefit, Survivors' Benefit Insurance System, Unemployment Benefit Insurance System and other Social Security System.

**11.3 TAXATION**

Resident companies are formed under the Myanmar CA and are taxed on a worldwide basis, including income from sources outside of Myanmar. A non-resident company is not formed under the Myanmar CA and is taxed only on income earned from sources within Myanmar. Representative offices and foreign branches are regarded as non-resident companies.

Types of Company	Tax Rate
Resident company (under the CA)	25%
Companies under MIL	25%
Foreign companies under special permission in state-sponsored projects, enterprise, et	25%
Non-resident companies	25%
Capital gains for resident companies	10%
Capital gains for non-resident companies	10%

*Table 5: Corporate Tax by Type of Company*

Taxpayers who earn up to 4.8m MMK during the fiscal year 2016/2017 will be exempt from personal income tax. Taxpayers earning more than the above amount will be taxed on their income in the same tiered system as per the fiscal year 2015/2016

From	To	Income Tax Rate
1	2,000,00	0%
2,000,001	5,000,000	5%
5,000,001	10,000,000	10%
10,000,001	20,000,000	15%
20,000,001	30,000,000	20%
30,000,001 and above	-	25%

*Table 6: Income Tax Rates*

Sales proceeds from goods and services produced or provided within the country are taxed between 0%-8% depending on the goods and services. Generally, the commercial tax rate is 5%. As of April 1 2016, the Special Goods Tax Law 2016 regulated taxes on a list of special goods, including the following items:

Description of Goods	Tax Rates
Cigarettes	120%
Tobacco, virginia tobacco, cured, cheroot, cigars, pipe tobacco, betel chewing preparation, various kinds of liquor, various kinds of beer,	60%
Various kinds of wine	50%
Teak and hard wood logs and hard wood conversions	25%
Jade, ruby, sapphire, emerald, diamond and other precious stones in uncut forms	15%
Jade, ruby, sapphire, emerald, diamond and other precious stones in cut forms and jewel	5%
Vehicles above 1800 CC, saloons, sedans, light wagons, estate wagons and coupe except Double Cab 4 Door Pick Up	25%
Petrol, diesel, aviation jet fuel	10%
Natural gas	8%

As amended by Notification 51-2017 beginning 1 April 2017, income tax must be

*Table 7: Commercial Tax Rates by Product Groups*

withheld upon making the following payments at the relevant rates<sup>xx</sup>:

<b>Types of Payment</b>	<b>Rate if paid to resident</b>	<b>Rate if paid to non-resident</b>
Dividends	N/A	N/A
Interest	N/A	15%
Royalties	10%	15%
Payment by State organizations, State enterprise, development Committees, cooperative societies, foreign companies, foreign enterprises and organizations, local companies and under an existing law for purchase of goods, work performed or supply of services and hiring within the country under a tender, contract, quotation or other modes.	2%	2.5%

*Table 8: Withholding Tax and its Applications*

## **11.4 ENVIRONMENTAL LAW AND REGULATIONS**

Environmental Conservation Law (No.9 / 2012) applies to both domestic and foreign investors. An Environmental Conservation Committee was formed under this law to:

- [carry] out organisational education and activities relating to environmental conservation;
- [suggest] and [insert] amendments, as may be necessary, to lessons on environmental conservation taught in school, after coordinating with the relevant departments;
- [accept] donations, grants, materials and technological aids from local and foreign donors, and [manage] and [use] such money, materials and technologies as may be necessary in environmental conservation works;
- [send] suitable suggestions and encouragement relating to environmental conservation to the relevant Government departments and organizations;
- [ask] for the necessary proposals and suggestions from the relevant Government departments and organisations for the conservation and enhancement of the environment;
- [prohibit] the relevant Government departments and organisations from action if environmental damages arise, or in situations where damage could arise, and, if necessary, [ask] for policy changes from the Union Government;
- [lay] down and [carry] out Myanmar's national environmental policies and other environmental policies for the conservation and enhancement of the environment, with the approval of the Union Government.

a proposal to the Myanmar Investment Committee (MIC) for permission to continue with the project. The MIC will then forward the proposal to relevant Ministries for their assessment of the project.

One of the ministries that reviews project proposals is the Ministry of Environmental Conservation and Forestry (MOECAF). Any business, work-site, factory or workshop that may have an impact on the environment requires prior approval from the MOECAF. The MOECAF will carry out a screening process, which could include an Initial Environmental Examination (IEE) or an Environmental Impact Assessment (EIA).



## 12 CHALLENGES AND OUTLOOK

Ever since Myanmar underwent significant economic, social and political reforms in 2011, investment conditions for businesses have become increasingly favourable, thereby attracting increased private investment initiatives that have contributed to the country's significant growth. In fact, the World Bank estimates that Myanmar will undergo an annual growth rate of 7.1% for the next three years. However, this projection depends on sustained private and public sector investment in infrastructure, in addition to progress and implementation of necessary structural reforms and the development of needed services. The following sections summarize important positive and negative factors that potential foreign investors should consider before establishing businesses in Myanmar.

### *Infrastructure improvements gradually taking place*

Myanmar's infrastructure development is a top priority for the NLD. To this end, the government, along with the World Bank and the UN, have developed a national electrification plan to achieve full electrification by 2030. Further, the government has mandated a number of projects to rehabilitate Myanmar's transportation infrastructure, which would ease transportation of goods and services provided and/or needed by businesses.

Overall, the outlook for infrastructure growth is positive, largely due to the government's demonstrated commitment to developing the infrastructure sector. For instance, mobile and internet coverage has increased across the country, SEZ construction is underway, new airports and upgrades in existing facilities are being carried out, and efforts to improve transport connections with the international community are being implemented. The government still requires significant financing to achieve its ambitious infrastructure goals; with support from the government, investments in the infrastructure sector can be promising for foreign partners.

### *Liberalization of previously closed sectors*

Since 2011, sectors that were previously closed to private participation have opened to both local and foreign private investors. Examples include: the Ministry of Electricity and Energy allowing the private sector to invest in downstream oil & gas activities; the development of the telecoms sector, which was previously dominated by state-owned enterprises; allowing private players in the insurance industry, which was previously monopolised by the state-owned Myanmar Insurance; and granting



licences to foreign microfinance institutions to serve the local market.

### ***Mass market and strategic location***

With a population of 53 million people, Myanmar has a strong potential workforce to aid in developing fruitful investment opportunities. As a result of its strategic location, Myanmar is a regional gateway to international markets and could serve as a regional logistics hub.

### ***Low labour costs***

With a prescribed minimum wage of MMK 3600 (approximately USD 3) per day, Myanmar offers investors a large pool of labour at relatively low cost. For this reason, many multinational companies (MNCs) have established their manufacturing footprints in the country, either in local market distribution or foreign market exports.

As in every market, challenges exist; the following are some major obstacles investors should anticipate before entering the country.

### ***Infrastructure Needs***

Infrastructure needs remain a major obstacle for foreign investors in setting up their business presence in Myanmar and in expanding their established businesses. Certain fundamental infrastructure elements, such as a steady and reliable electricity supply and good road infrastructure, have yet to be developed. With frequent power cuts and an inefficient power supply, businesses resort to other alternative sources of electricity, such as generators. Although major cities are well-connected, some parts of the network are in need of rehabilitation. Without a reliable nationwide network, companies are often constrained by high distribution costs associated with inefficiencies in transporting goods.

### ***Laws Prioritizing Local Businesses***

In order to protect local businesses, the MIL restricts foreign participation in certain sectors. For example, foreign banks have been granted licences to operate in the Myanmar's financial market but are limited to only providing wholesale services for foreign companies and local and international financial institutions.

### ***Talent Shortage***

Despite a large working-age population, skilled labour is in short supply. To fill this gap, some foreign companies hire expatriates and repatriates who meet their needs.

### *Legislation Still in Progress*

Laws that regulate business operations in the country are not fully functional yet: many laws are outdated and some important laws have yet to be enacted. However, progress is being made, as is evidenced by the recent MIL and the drafting of the IP Law.

## 13 TIMELINE

Since independence, Myanmar has undergone numerous waves of political and social change. The following table highlights major events in Myanmar's political evolution until the new government took office.



Table 9: Timeline of Myanmar's Political Development

## *Independence*

Myanmar was colonized after losing its third war against the British Empire in 1885 when the British took control of upper Burma. Myanmar was under the rule of the British for 63 years (1885–1948), and was colonized by Japan for three years (1942–1945). The country gained independence on 4 January 1948.

## *Coup d'état paving the Burmese path to Socialism*

Myanmar's post-independence period was characterized by political instability and insurgencies of various ethnic armed groups. The government's top ministers were frequently reshuffled; Myanmar's leadership vacuum was eventually filled by a 1962 coup d'état carried out by the Tatmadaw, Myanmar's military. General Ne Win declared the adoption of "the Myanmar Socialist Roadmap." The country entered a new era with nationalized businesses and government-imposed price controls, among other state-driven economic policies. The agricultural sector suffered heavily from price controls, and the country rapidly lost its position as the world's largest rice exporter.

The government implemented a closed-door economy by taxing exports and limiting amount of imports allowed into the country. Instead, foreign imports were substituted by domestic products. Imports were further reduced when the government stipulated that imports could only be bought with earnings from exports. This new law created chaos in the trading sector as export earnings could not finance Myanmar's heavy reliance on imports, which partly explains the country's underdeveloped industrial sector.

## *Student protests*

A nationwide uprising led by university students occurred in 1988 and was crushed by the military leadership, which took back power from the Burmese Socialist Programme Party and installed the State Law and Order Restoration Council (SLORC), a military junta. Many protesters were killed during the uprising, and thousands more were imprisoned or exiled.

## *General elections*

The very first multi-party general election was held in 1990 and the National League for Democracy (NLD) won a landslide victory. However, the results were not acknowledged by the ruling government, and military rule continued.

## *Roadmap to democracy*

In 2003, the military regime presented a seven-step roadmap to democracy. Following the roadmap, the government announced it would assemble a national convention on the constitution.

## ***New capital city***

The military regime constructed a new capital at a greenfield site 376 km from Yangon, the former capital. Administrative offices were moved to the new capital, Nay Pyi Taw, in 2005 but Yangon continues to be the commercial hub of the country.

## ***Saffron Revolution***

Soaring fuel prices led to public dissent and another uprising in 2007<sup>xxi</sup>. The protests were led by thousands of Buddhist monks, giving the uprising its moniker, the Saffron Revolution. There were several fatalities as the police tried to break up the protests and many protesters, including monks, were subsequently jailed.

## ***Cyclone Nargis and referendum for new constitution***

In 2008, a strong cyclone hit the Ayeyarwaddy Region; approximately 130,000 people were killed and the country's agricultural land was devastated. The government had scheduled a referendum on a new constitution a few days after the cyclone hit the region. The new constitution introduced a new political system with a parliament directly elected by the population, but nonetheless gave significant power and influence to the military in both the executive and legislative branches. It also effectively restricted Daw Aung San Suu Kyi, then still under house arrest, from becoming president – the constitution banned anyone with a spouse or offspring of foreign nationality from becoming president.

## ***General elections***

Following the enactment of the new constitution, a general election was held in November 2010 and the military-backed party, the Union Solidarity and Development Party (USDP), won the majority vote. Daw Aung San Suu Kyi's party, the National League for Democracy, boycotted the election.

***Daw Aung San Suu Kyi was freed from house arrest a week after the election.***

## ***Civilian government***

U Thein Sein, former general of the military regime, became President in the first civilian government under the new constitution.

## ***By-elections***

A by-election was held in 2012 to fill 44 vacant seats in the parliament. Daw Aung San Suu Kyi entered the election and her party, the NLD, won 43 of the 44 seats.

## ***Suspension of sanctions***

With Myanmar's reform period underway, much of the international community lifted or suspended many trade and economic sanctions against Myanmar. The EU

has lifted all of its sanctions except an arms embargo, while the US has retained certain sanctions, including a list of individuals linked to the former military government.

### ***ASEAN Chairmanship***

For the first time since becoming a member of the ASEAN in 1997, Myanmar assumed the role of the ASEAN chairman in 2014.

### ***General elections***

A general election was held in November 2015. The NLD won a landslide victory and nominated two candidates for President.

### ***New government***

U Htin Kyaw was elected President of the new government. Daw Aung San Suu Kyi assumed multiple roles in the new cabinet as Foreign Minister, President's Office Minister and the newly-created position of State Counsellor. The new government took office on 1 April 2016 and has initiated a 100 days campaign to lay out its action plan for the country. The resumption of the peace process is a high priority for the new government; the government has publicly declared that one of its most important goals is to sign and implement ceasefire agreements with all ethnic armed groups in the country. The country has been suffering from different political and social tensions, recently on the border with Bangladesh and Rakhine.

The following overview is a summary of political and economic reforms initiated by the previous government and those that are currently being implemented.

### *Political Reforms*

- Amnesty for political prisoners
- New government led by NLD in majority
- Established closer ties with international community
- Nationwide ceasefire agreement under implementation

### *Economic Reforms*

- Unification of exchange rate
- Enactment of new laws (e.g. Central Bank Law, Myanmar Investment Law, Securities Exchange Law, Minimum Wages Law, etc.)
- Amendment of outdated laws
- Launch of stock exchange
- Opening up of sectors that were previously closed (e.g. Telecom, Insurance, etc.)
- Liberalization of investment opportunities by allowing involvement of private sector (e.g. Downstream oil & gas sector)
- Infrastructure developments (Special Economic Zones, Deep Sea Ports, new airport and upgrade of existing ones)
- Surge inflow of FDI
- Increased mobile and internet penetration

# 14

## 14 KEY FACTS

### 14.1 POPULATION



51.8% FEMALE  
(26.6 Million)



48.2% MALE  
(24.8 Million)

51.4 Million in 2014

1

12th largest  
Asian country by population  
and 5th largest in ASEAN

2

The majority of  
the population is rural (70%)

3

World bank suggested  
52.9 Million in 2016

4



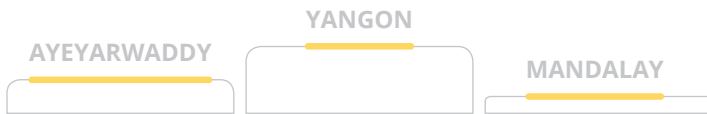
## 14.2 AREA

The most populated regions are Ayeyarwaddy, Yangon, and Mandalay, which together account for 40% of the total population.

Myanmar has one of the lowest population densities in Southeast Asia with 76 people per square kilometre.



### THE MOST POPULATED REGIONS ARE



which together account for 40% of the total population

## 14.3 GEOGRAPHY

- Myanmar borders Bangladesh, China, India, Laos and Thailand.
- Nay Pyi Taw has been the country's capital since 2005 but the former capital, Yangon, remains the country's largest city and commercial centre.
- Mandalay is the commercial and logistics hub for Upper Myanmar, especially for border trade transactions with India and China.
- Of the 19 trade stations located along the borders, Muse and Chin Shwe Haw (along the Chinese border) and Myawaddy (along the Thai border) dominate cross-border economic activity.
- Special Economic Zones were introduced by the previous government and three are currently being developed—Kyauk Phyu (in Rakhine State), Thilawa (near Yangon and partially operational) and Dawei (in the southern Tanintharyi Region).
- Two major road networks connect the two commercial hubs, Yangon and

Mandalay. The newly constructed highway only allows passenger vehicles, while an older road is used primarily by trucks for the movement of goods. There is also a rail network connecting the two cities.

- International port terminals remain limited to Yangon (including one at Thilawa SEZ, named Myanmar International Terminal Thilawa) but there are plans to develop deep-water ports at Kyauk Phyu SEZ and Dawei SEZ.
- There are three international airports, but only Yangon and Mandalay handle freight services. A new international airport is planned near Bago, just north of Yangon.

## 14.4 CURRENCY

Myanmar's currency is the Myanmar Kyat (MMK). One Euro is approximately 1594 MMK<sup>xxii</sup>. Over the last two years the MMK has experienced significant depreciation and volatility, partly due to political instability and trade deficit.

Inflation has remained high over the past several years. The Asian Development Bank (ADB)<sup>xxiii</sup> suggests this is due to a combination of improved salaries, an increase in domestic credit to the private sector, and increased fiscal spending. The ADB forecasts inflation will reach 9.5% in 2016 and 8.5% in 2017.

## 14.5 LITERACY RATE

Myanmar has an adult literacy rate of 93% as of 2013<sup>xxiv</sup>, according to the UNESCO Institute for Statistics (UNICEF).

## 14.6 GDP

According to the IMF's latest World Economic Outlook, Myanmar is the one of the world's fastest growing economy with an estimated real GDP growth rate of 7.2 % for 2017<sup>xxv</sup>. Political and economic reforms have fostered economic development but growth is also being driven by increased consumer and investor confidence in the revitalization of the economy.

According to ADB economic forecasts, Myanmar has the highest GDP growth rate among ASEAN members. The following chart shows GDP growth since 2015 and forecasts future growth.

Myanmar GDP Growth and Forecast (2015 - 2022)

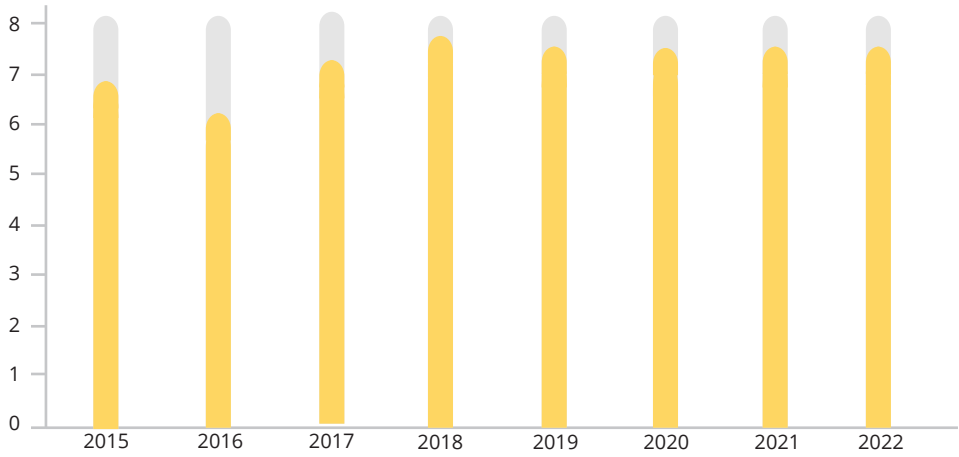


Figure 7: GDP Growth and Forecasts  
(Source - IMF World Economic Outlook 2017)

Myanmar GDP Growth and Forecast (2015 - 2022)

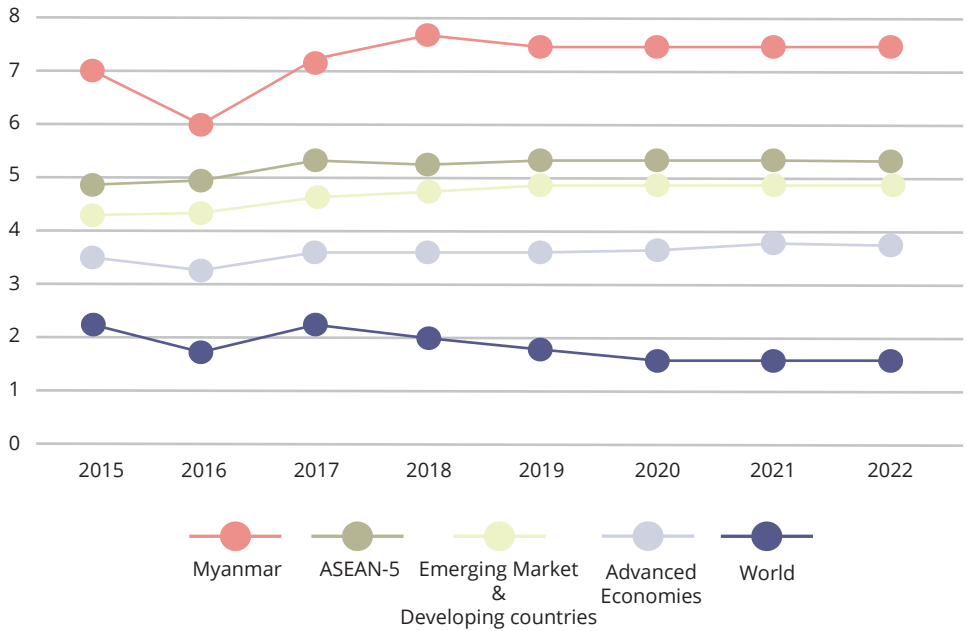


Figure 8: GDP Growth and Forecasts  
(Source - IMF World Economic Outlook 2017)

# 15 INDUSTRY CONTACT INFORMATION

## 15.1 GOVERNMENT MINISTRIES

There are 22 ministries in the current cabinet. Foreign investors must consult with the Ministry of Commerce, Ministry of Labour, Immigration and Population, and Ministry of Planning and Finance to set up businesses in Myanmar.



### MINISTRY OF LABOR, IMMIGRATION AND POPULATION

Office No. 51, 48 Naypyitaw  
+95 1 430 079, +95 1 431 010  
[www.mip.gov.mm](http://www.mip.gov.mm), [www.mol.gov.mm](http://www.mol.gov.mm)



### MINISTRY OF COMMERCE

Office No. 3 Naypyitaw  
+95 1 408 002, +95 1 408 006  
[www.commerce.gov.mm](http://www.commerce.gov.mm)



### MINISTRY OF PLANNING

Office No. 26 Naypyitaw  
+95 1 410 046, +95 1 410 186  
[www.mofr.gov.mm](http://www.mofr.gov.mm)



### DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION (DICA)

No. 1, Thitsar Road, Yankin Township, Yangon.  
+95 1 657 891  
[www.dica.gov.mm](http://www.dica.gov.mm)

## 15.2 MYANMAR BUSINESS ASSOCIATIONS

Non-governmental associations play an important role in building business networks and facilitating business operations. The Republic of the Union of Myanmar Federation of Chamber of Commerce and Industry (UMF – CCI) is the most significant association and is a useful contact when starting a business in Myanmar. There are 47 affiliated associations comprised under UMFCCI.



### UMFCCI

No. 29, Min Ye Kyaw Swar Street,  
Lanmadaw Township, Yangon.  
+95 1 231 434 449  
[www.umfcci.com.mm](http://www.umfcci.com.mm)

## 15.3 EUROPEAN BUSINESS ASSOCIATIONS AND PARTNERS

### Bilateral European Chambers in Myanmar



### BRITISH CHAMBER OF COMMERCE MYANMAR

No. 192, Bo Myat Htun Street, Pazundaung Township, Yangon.  
+95 1 925 3748  
[www.britishchambermyanmar.com](http://www.britishchambermyanmar.com)



### CHAMBER OF COMMERCE ITALIA-MYANMAR

No. 271-273, Bagayar Street, Sanchaung Township, Yangon.  
+95 9 45058 2336  
[www.imybc.it](http://www.imybc.it)



### FRENCH MYANMAR CHAMBER OF COMMERCE AND INDUSTRY

No. 271/273 Bagayar Street, Sanchaung Township, Yangon.  
+ 95 1 523 700  
[www.ccifrance-myanmar.org](http://www.ccifrance-myanmar.org)



### GERMAN-MYANMAR BUSINESS CHAMBER

No. 84, Pan Hlaing Street, Sanchaung Township, Yangon.  
+95 9 450 629 364  
[www.gm-bc.com](http://www.gm-bc.com)



### DELEGATION OF GERMAN INDUSTRY AND COMMERCE IN MYANMAR

No. 84 Pan Hlaing Street, Sanchaung Township, Yangon.  
+95 9 4506 293 64  
<http://myanmar.ahk.de>

## 15.4 EU AFFILIATES OF EUROCHAM MYANMAR CONSORTIUM



### ASSEMBLE DES CHAMBRES FRANCAISES DE COMMERCE ET D'INDUSTRIE (CCI FRANCE)

46 Av. de la Grande Armée, 75017 Paris, France.  
+33 1 4069 3831  
[www.cci-france.fr](http://www.cci-france.fr)



### CENTRO ESTERO PER L'INTERNAZIONALIZZAZIONE S.C.P.A.

Corso Regio Parco 27, 10152 Torino, Italy.  
+39 0 116 700 511  
[www.centroestero.org](http://www.centroestero.org)



### FLANDERS' CHAMBER OF COMMERCE AND INDUSTRY (VOKA)

Koningsstraat 154-158, 1000 Brussel, Belgium.  
+32 2 2298 111  
[www.voka.be](http://www.voka.be)



## HUNGARIAN CHAMBER OF COMMERCE AND INDUSTRY

Szabadság Tér 7, 1054 Budapest, Hungary.  
+36 1 474 5141  
[www.mkik.hu](http://www.mkik.hu)



## EUROCHAMBRES

Association of European Chambers of Commerce and Industry

No. 19 A/D, Avenue des Arts, B-1000 Brussels, Belgium.  
+32 2 2820 850  
[www.eurochambres.eu](http://www.eurochambres.eu)

## 15.5 OTHER EU-FUNDED PROJECTS



### SMEs FOR ENVIRONMENTAL ACCOUNTABILITY, RESPONSIBILITY AND TRANSPARENCY (SMART)

11th Floor UMFCCI Tower, No. 29, Min Ye Kyaw Swar Street, Lanmadaw  
Township, Yangon, Myanmar.  
+95 9 425 328 289  
[www.smartmyanmar.org](http://www.smartmyanmar.org)



### SOUTH-EAST ASIA IPR SME HELPDESK

+84 8 3825 8116  
[www.southeastasia-iprhelpdesk.eu](http://www.southeastasia-iprhelpdesk.eu)



### TRADE DEVELOPMENT PROGRAMME

Trade Development Myanmar Office 1 - Ministry of Commerce,  
Building No. 3, Nay Pyi Taw, Myanmar.  
+95 1 385 327  
[www.tdpmyanmar.com](http://www.tdpmyanmar.com)

## 15.6 EU EMBASSIES IN MYANMAR

Many EU Embassies are not represented locally in Myanmar, with some based in neighbouring countries like Thailand or India, from which they conduct all country-related matters.



### DELEGATION OF THE EUROPEAN UNION TO MYANMAR

Hledan Centre - Corner of Pyay Road and Hledan Road, Kamayut Township, Yangon  
+95 1 230 56 50  
[www.euinmyanmar.eu](http://www.euinmyanmar.eu)

COUNTRY	ADDRESS	WEBSITE
Czech Republic	No. 109/ B/2, Than Lwin Rd, Bahan, Yangon	<a href="http://www.mzv.cz/yangon">www.mzv.cz/yangon</a>
Denmark	No. 3, Pyay Road, 6 Miles, Hlaing, Yangon	<a href="http://www.myanmar.um.dk">www.myanmar.um.dk</a>
Finland	No. 3, Pyay Road, 6 Miles, Hlaing, Yangon	<a href="http://www.finland.or.th/public/default.aspx?nodeid=48701">www.finland.or.th/public/default.aspx?nodeid=48701</a>
France	No. 102, Pyidaungsu Yeiktha Rd, Dagon, Yangon	<a href="http://www.ambafrance-mm.org/">www.ambafrance-mm.org/</a>
Germany	No. 9, Bogyoke Aung San Museum Rd, Bahan, Yangon	<a href="http://www.rangun.diplo.de/">www.rangun.diplo.de/</a>
Italy	No. 3, Inya Myaing Rd, Golden Valley, Bahan, Yangon	<a href="http://www.ambyangon.esteri.it">www.ambyangon.esteri.it</a>
The Netherlands	No. 43/c Inya Myaing Road Shwe Taung Kyar 2 Ward, Bahan, Yangon	<a href="http://myanmar.nlembassy.org/">http://myanmar.nlembassy.org/</a>
Poland	No. 340, Pyay Rd., Myae Ni Gone (North) Ward, Sanchaung, Yangon	<a href="http://www.bangkok.msz.gov.pl">www.bangkok.msz.gov.pl</a>



Spain	No. 607, 6th Fl, Hledan Centre, Kamayut, Yangon	<a href="http://www.exteriores.gob.es">www.exteriores.gob.es</a>
Sweden	No. 3, Pyay Road, 6 Miles, Hlaing, Yangon	<a href="http://www.swedenabroad.com/en-GB/Embassies/Bangkok/About-us/Sweden-in-Myanmar-sys/">www.swedenabroad.com/en-GB/Embassies/Bangkok/About-us/Sweden-in-Myanmar-sys/</a>
United Kingdom	No.80, Strand Rd, Kyauktada, Yangon	<a href="http://www.gov.uk/government/world/organisations/british-embassy-rangoon">www.gov.uk/government/world/organisations/british-embassy-rangoon</a>

*Table 10: List of European Embassies*

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- xxv World Economic Outlook 2017, IMF, [http://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/MMR/AS5](http://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/MMR/AS5)

## TRUSTED SERVICE PARTNERS

# Luther.

Level 8, Unit #1, Uniteam Marine  
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