Doing business in Myanmar

EuroCham - The voice of European business in Myanmar

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Recent History

2011
End of military rule; start of democratic transition and substantial reform

2013
Full lift of EU political and economic sanctions; EU opens representation in Yangon and encourages trade with Myanmar under the “Everything but Arms” – initiative and GSP

2015
General elections – new NLD – led government

2016
New government takes office
Myanmar

Country Overview

Population
- 52 million
- 70% rural, 30% urban
- 93% literacy rate
- 135 ethnic groups

Area
- 676.578m² – second largest in SEA after Indonesia

Border
- 6.522 km – with 40% of the world’s population
Economic Landscape of Myanmar
Economic Indicators

GDP forecast: 8.4% - 2016 | 8.3% - 2017
GDP / sector: Agriculture 36%, Industry 22%, Services 42%
Industries: Oil&Gas, infrastructure, construction, manufacturing, tourism, mines, transport&communication, agriculture
Main exports: USD 5.693 M (Natural gas, beans and pulses, textile, gemstones, rice, wood products)
Main imports: USD 7437 M (Vehicles, iron and steel, machinery)

Sources: World Bank, Asian Development Bank, DICA
FDI 1989-90 to 2010-11 VS 2011-12 to 2015-16

- Oil and gas: 71%
- Mining: 8%
- Hotel and Tourism: 8%
- Manuf. [PERCENTAGE]:
- Power: 2%
- Agriculture [PERCENTAGE]: 5%
- Real Estate: 5%
- Livestock & Fisheries: 1%
- Other Services: 1%
- Power: 27%
- Oil & Gas: 22%
- Manufacturing: 20%
- Transport & Communication: 15%

Source: DICA, WB
FDI per origin

FDI by country in USD in million
2015 - 2016

Singapore: 4246
China: 3323
EU +28: 515
Netherlands: 438
Malaysia: 257
Thailand: 236

Source: DICA
Economic legal reform post 2011

2012  Foreign investment Law
2013  New York Convention
2014  Special economic Zone (SEZ) Law, Notification 49/2014
2015  Competition Law, Condominium Law, Myanmar Stock Exchange
2016  Arbitration Law, Amendment Factory Act, Shops and Establishment Law
2016  EU Myanmar Investment Protection Agreement, New investment Law (Company + Foreign), IP and Trade Marks, Companies Act, Labor...
Opportunities
-
Why Myanmar?
Characteristics of local market

- Lack the capital, technical know-how, and capabilities of international firms.
- Local companies need to expand their capacity and boost project management capacity.
- Technical and financial restraints limit the competitiveness of local companies.

Electricity

- Fragile networks and insufficient production.
- Use of generator is common.
- Electrification rate at 30%, government aims at 100% by 2030.

Opportunities for European investors

- Supply chain from power generation to transmission and distribution.
- Infrastructure and equipment.
- Security, risk analysis.
- Training and skills accreditation.
- Legal and professional services.
- Health and safety analysis and services.
- Environmental and social impact assessment consultancy services.
Opportunities: Manufacturing Sector

Characteristics of local market

- **Capital** limitations,
- **Technological and technical** restraints,
- Lack of **international standards** in the manufacturing of globally competitive goods.

Opportunities for European investors

- **Agro-processing industries** at locations near agricultural production in rural areas.
- **Capital-intensive** industries, such as automotive and land machinery.
- **Chemical industries** (e.g. pharmaceutical and plastic articles)
- **Industrial services** (e.g. waste water management, recycling, training)
- Production of **construction materials**
- **Wood-processing industry** particularly based on hardwood and bamboo such as furniture production, paper and cardboard production, etc.
Opportunities: Infrastructure & Communication

**Roads**
- Only One highway (Yangon to Nay Pyi Taw). Secondary roads in a poor condition.
- Aging rail network.
- Thai project: highway BKK to the 3 future SEZ.
- China project to renovate the old Burma road (China-Lashio-Mandalay) Strategy: access to Bengal Gulf.

**Real estate**
- Objective 70% population in urban area by 2030.
- Since 2005, total number of new residential units in Yangon has increased by 20,000 units per annum (only about 1/3 of property demand).

**Telecommunication**
- Objective: covering 80% of the population by 2016
- Surge in mobile phone users since 2011; Telecommunications law passed in 2013, licenses granted to Telenor and Ooredoo in 2014
- Prices are dropping - 2013: 250 USD per SIM card, now 1 USD
## Characteristics of local market

- Private and public hospitals are **running at full capacity**.
- Limited number of **healthcare professionals**.
- **Very limited** number of **doctors and specialists**.
- Lack of **equipment and modern healthcare devices**.
- Minimal domestic production of **pharmaceuticals and medical devices**.
- Lack of **international quality healthcare services**.

## Opportunities for European investors

- Equipment
- Pharmaceutical Supplies
- Services
- Training
Opportunities: Agricultural Sector

Characteristics of local market

- Lack of **advanced technology** in processing and in **farming practices**.
- Lack of **proper agricultural practices** and **quality control measures**
- Lack of **investment in research and development to innovate farming methods**
- Lack of **capital investments** such as mechanizing processing facilities to enhance productivity

Opportunities for European investors

- **Input industries** (seed, fertilizer, agrochemical, farm industry, machineries, irrigation system and facilities);
- **Production and processing industries** (crop production, value-added production, research and development);
- **Wholesales market industries**
- **Service industries** (credit and insurance, service support for supply chain).
### Challenges

- Infrastructure needs
- Laws prioritizing local businesses
- Talent shortage
- Bureaucracy slows down processes
- Legal context still in progress

### Potential

- Infrastructure improvements gradually taking place
- Liberalization of sectors
- Mass market and strategic location
- Low labour costs

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Much to be done...much to be gained!
Much to be done...much to be gained!

Who can help you?
The European Chamber of Commerce in Myanmar

Launch and Establishment

2014 in Yangon, 2015 in Brussels

Funding

Five Year Grant (2015-2019) by the EU EuropeAid/135160/DD/ACT/MM (ICI+)

Implementation

Applicants: CCI France Myanmar and EUROCHAMBRES

Affiliated entities: Ceypiemonte, VOKA, HCCI
Mission and Mandate

- Advocate for member interests with organisations in Myanmar, the ASEAN region and the EU
- Promote the development of trade, commerce and investment between the EU and Myanmar
- Improve the conditions for doing business in Myanmar
- Provide a platform for EU businesses in Myanmar
Services
of the European Chamber of Commerce

- Advocacy Services
- Support for market entry
- Information on market and legislation
- Organization of business delegations and b2b meetings
- Identification of business opportunities
- Business Center

[Link to website: eurocham-myanmar.org]
Visita del vicesindaco di Torino Guido Montanari, Febbraio 2017
• Marco Polo

• Set off for Asia in 1271, returned 24 years later full of riches and treasures.
EALink is a one-stop-shop where European SMEs and business organizations can find key information and relevant links to develop business in Asia.

The Platform puts users in direct contact with Asia-based experts and organisations who can answer questions and provide advice, helping European businesses achieve success on Asian markets.
"Ask the Expert" section points you to the right business support organization which can provide:

- Trainings
- IPR Helpdesk
- Market studies
- Events
- Trade missions

WWW.EALINK.EU
Grazie

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BUSINESS PARTNER RESEARCH

Examples of EuroCham support for EU companies in Myanmar

• European company interested in Myanmar rice producers
• **Request:** Identify 5 Myanmar companies capable of delivering a certain amount of specific type of rice

**EUROCHAM delivers:**

• Sectoral information (production, opportunities/risks)
• Contact details and information on suitable local rice producers
  (after establishment of relations)
ORGANISATION OF BUSINESS DELEGATIONS

Examples of EuroCham support for EU companies in Myanmar

• European companies based in another ASEAN country with interest in the Myanmar market
• **Request:** Organisation of delegation to Myanmar

EUROCHAM delivers:

• Information on the Myanmar market (legal, social, risks/opportunities)
• Meetings with Myanmar/EU authorities and business associations
• Trips to Special Economic Zones and other site visits (companies)