

Myanmar Business Guide



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Foreword



Ong Chao Choon

Managing Partner
PwC Myanmar

International news on Myanmar in the past year have mostly been negative, dominated by the Rakhine issue. Partly as a result of that, and in part due to teething issues associated with the transition to a new government, Foreign Direct Investment (FDI) and GDP growth have both declined over the past two years. FDI rose from USD4.1 billion to USD8 billion and USD9.5 billion in the three-year run-up to FY2015/16, and then declined to USD6.6 billion and USD5.7 billion in the last two years¹. GDP growth hovered between 7.3% and 8.4% in the three years to FY2015/16, and then dropped to 5.9% and 6.7% in the last two years². The global economic climate, which has turned more protective and nationalistic in the past two years, and the recent rout of emerging economies' currencies, including the Myanmar Kyat, have not helped sentiments. Finally, the threat of re-imposition of economic sanctions hangs over the economy like the Sword of Damocles.

Before we all wallow in the bosom of the oracle of doom, we should take a step back and look at Myanmar in the context of how much it has achieved in the space of six years, and how it compares with other developing economies.

Since the re-opening of the Myanmar economy in 2011, the country has undergone significant economic and legislative reforms and political transformation. Its average GDP growth has been strong, even the “anaemic” 5.9% and 6.7% of the past two years still place it amongst the fastest growing in Southeast Asia, if not the world. Its cumulative FDI since 2011 is USD40 billion, more than Bangladesh and Sri Lanka in absolute terms, and higher than Thailand and Vietnam when compared to the size of the respective economies³. Mobile telephony penetration shot up from 2.5% to 97% with three new telecom licenses issued⁴. SIM cards (mobile telephone lines) used to cost a few hundred dollars but are now about USD1 each. From a handful of office buildings in all of Yangon, office space grew 8.5 times to 426,000 sqm in the past seven years, and rental rate fell by half⁵. The country also celebrated two transactions that valued the companies involved at around a billion USD – Japan’s Kirin acquired 55% of Myanmar Beer in August 2015 for USD560 million, and Singapore listed Thai Beverage bought 75% of Royal Whiskey in October 2017 for USD742 million.

The country rolled out several investment-friendly legislation since 2011. The Myanmar Foreign Investment Law was issued in 2012 to promote and regulate foreign investments. This was replaced by the Myanmar Investment Law in 2016 so as to combine the regulation of both foreign and domestic investments under one set of laws. In 2017, the century old Companies Law was substantially revised.

1. Data and Statistics, DICA Myanmar

2. “Myanmar Economic Monitor”, May 2018, World Bank Group

3. DICA Myanmar, Bank of Thailand, Statistics Department: Bank of Bangladesh, UNCTAD, Vietnam Briefing, IMF

4. BMI

5. Colliers International

Under the new Myanmar Companies Law, foreigners are allowed to own up to 35% equity interest in local entities, thus opening up many more sectors to foreign investment and competition. In 2018, it was also announced that foreigners will be allowed to carry out wholesale, retail and also the education businesses, opening up three sectors that developing economies typically seek to protect.

On the infrastructure front, while Myanmar continue to struggle from decades of severe under-investment, it has nevertheless made great strides. With the help of various multi-lateral and Official Development Assistance agencies, comprehensive masterplans with ambitious targets have been drawn up for power, logistics, and transportation. Plans are now underway to develop the New Yangon City, and discussions continue to progress with Citic on the Kyaukphyu Special Economic Zone.

On the whole, Myanmar has made great strides in the last seven years and the transformation has been both incredible and commendable. The government is decidedly pro-business and open to foreign investments. Few developing countries have made as many bold changes to open up their economies as quickly as Myanmar.

For historical context, we should compare and contrast the development of Myanmar with that of Vietnam. Vietnam opened its economy in the late 1980s. In the past three decades, it has gone through its fair share of ups and downs, with bouts of hyperinflation, foreign currency devaluation, and other issues one would expect to find in a developing country. Yet today, Vietnam is once again the hottest investment destination in Southeast Asia, if not Asia.

As a country of 54 million people, Myanmar is a market that should not be ignored. While there may be quick money to be made, the true value is in the long play. With its demographic, strategic geography and current state of geopolitics, it has tremendous potential to weather any short term storms and grow strongly over the next few decades.

For businesses looking to be part of Myanmar's growth journey, this updated Guide will assist you in sieving out the key investment opportunities and navigate the challenges ahead.

Ong Chao Choon
Managing Partner
PwC Myanmar



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1.

Overview

After five decades of economic isolation under military rule, Myanmar re-opened its economy in 2011. The past seven years saw tremendous economic and political transformations.

The National League for Democracy Party (NLD), led by Daw Aung San Suu Kyi, won a landslide victory in the 2015 democratic nationwide election, and took over the government on 1 April 2016. The military still retain certain level of control via a 25% parliamentary representation and control over the ministries of Defence, Border Affairs and Home Affairs.

Both the NLD government and its predecessor government under military-backed Union Solidarity and Development Party (USDP), led by former general President Thein Sein, introduced several legislative changes and strategic economic initiatives that greatly stimulated foreign investment and economic growth.

These, coupled with the advantages afforded by its strategic geographical location, its abundant natural resources and a large young population, put Myanmar in good stead to be “Asia’s next rising star”.

“At the beginning of Singapore's independence (1963), the then Prime Minister Lee Kuan Yew said that in 20 years’ time, Singapore would have caught up with Burma. I think we have to change that a bit and say: In 20 years’ time, Myanmar will have overtaken Singapore...”

Aung San Suu Kyi

State Counsellor of Myanmar (November 2016)

1.1 Geography

Myanmar is said to be located at the heart of Asia, with China to its north, India on its west and the rest of Southeast Asian countries on its south and east. On a combined basis, these countries hold half of the world’s population and are the fastest growing economies in the world. This strategic location is expected to play a pivotal role in the Myanmar government’s plans to increase international cooperation, trade and investments.

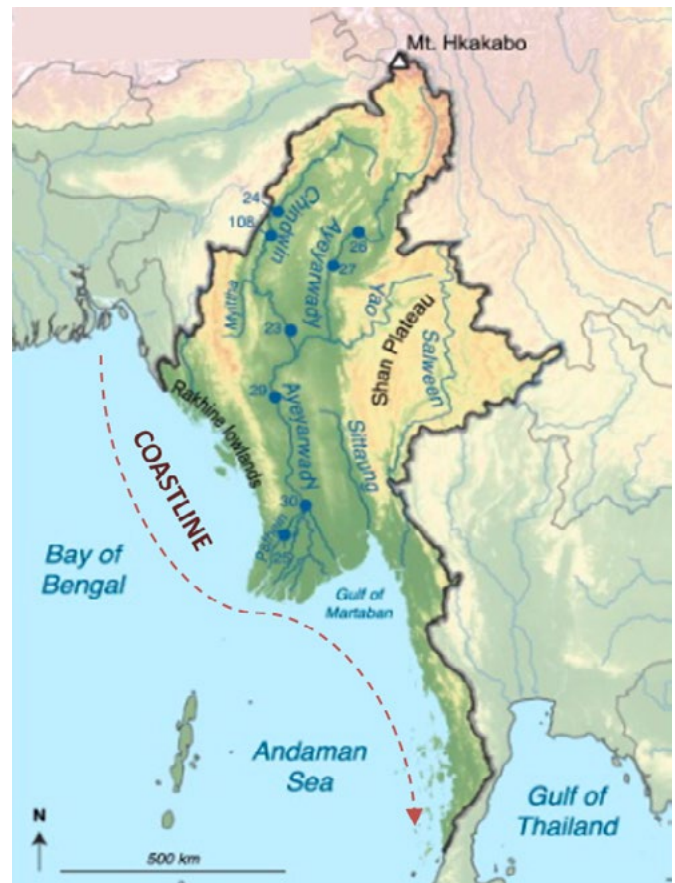


Myanmar's 1,930 km long coastline, amounting to a quarter of its total perimeter, face the Bay of Bengal in the west and the Andaman sea in the south. With a long coastline and well served by thousands of miles of inland waterways, Myanmar has enormous potential for fisheries, and as a transportation hub linking markets throughout the region.

China state-owned companies under Citic Group Corporation have already been awarded tender to construct a deep-water port and industrial area in the Kyaukpyu Special Economic Zone (SEZ) located in the Rakhine State along the coast of the Bay of Bengal⁶. This strategic port will be the terminus of an oil pipeline and a natural gas pipeline running to Kunming in China's Yunnan Province. Both pipelines were built and have been operational since 2013 and 2017 respectively. These pipeline projects are part of a strategic effort by Beijing to reduce its reliance on oil and gas imports through the Strait of Malacca.

In 2017, Myanmar's State Counsellor and defacto leader Aung San Suu Kyi and China's President Xi Jinping agreed, during a meeting in Beijing, to establish a new China-Myanmar Economic Corridor connecting Kyaukpyu and Kunming⁷. No details have been released, but the project is likely to include construction of a road and perhaps the restart of the suspended rail project. Mandalay, Myanmar's second-largest city and the traditional hub for trade with southern China, is expected to serve as a waypoint along this new economic corridor. Ultimately it seems Chinese planners envision the Kyaukpyu to Kunming oil and gas pipelines as just the first step in a new southern trade route with direct access to the Indian Ocean.

Myanmar's coastline and inland waterway system



6 "Kyaukphyu SEZ Tender Awarded to CITIC-led Consortium", December 2015, The Irrawaddy

7. "Myanmar and China to cooperate on economic corridor", December 2017, Nikkei Asian Review

1.2 Demography

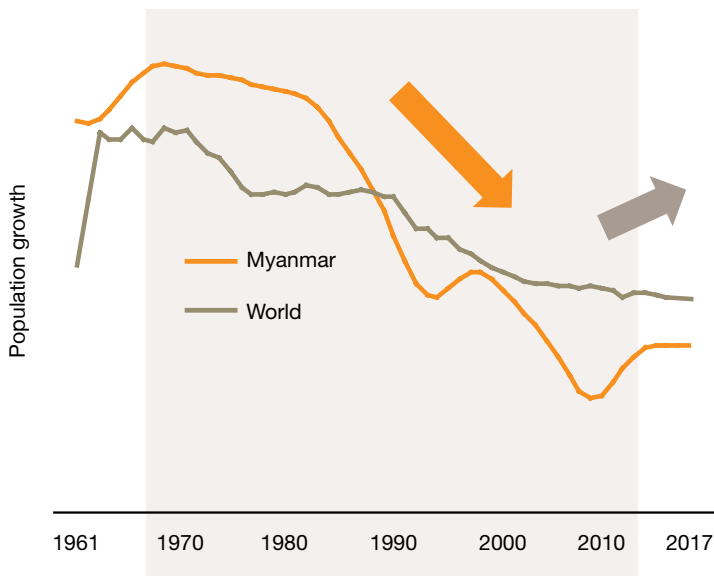
Myanmar is the 40th largest country in the world by size (about twice the size of Vietnam⁸), and is home to c.53 million people (about half the population of Vietnam)⁹. This results in a population density of 85 per sq. km (about one-quarter of Vietnam's 311 per sq. km)¹⁰.

Myanmar's population growth started declining in the 1960's as people emigrated during the period of military rule. With the end of military rule, it began to pickup as Myanmar diaspora started returning and emigration slowed.

Additionally, the country boasts of a relatively young demographic with about 65% of its population under the age of 40¹¹. The median age stands at 28.2 years and compares favourably with 30.5 years¹² for Vietnam and 28.9 years for ASEAN¹³. This young demographic provides an abundant workforce and strong market for the next few decades.

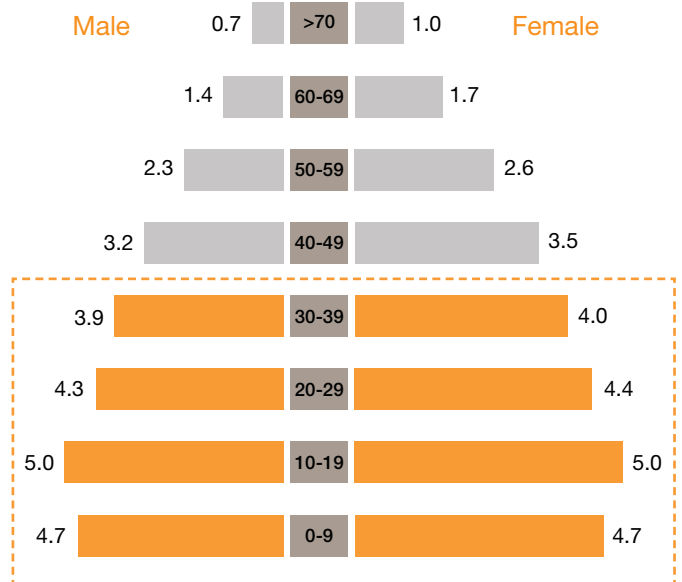
70% of this young population lives in rural areas. Its urbanisation rate of 30% is substantially behind global average of 55%¹⁴ and provides significant headroom for rural-urban migration and its attendant infrastructure and economic dividends.

Year-on-year population growth (% , 1961-2017)



Source: Oxford economics, IMF, world population review

Myanmar population age pyramid, 2015



Source: Oxford economics, IMF, world population review

8 "Population of Myanmar (2018 and historical)", Worldometers

9 Ibid.

10 Ibid.

11 Oxford economics, IMF, world population review

12 Ibid.

13 ASEAN Statistic Yearbook 2015, Association of Southeast Asian Nations

14 "2018 Revision of World Urbanization Prospects", Department of Economic and Social Affairs, United Nations

1. Overview

The 30% urban population lives in its few cities including Yangon (the former capital of Myanmar) which is its largest city by population and also its commercial and financial centre, and its primary sea and air transportation access points. Yangon Airport is the country's busiest international airport, catering to about six million¹⁵ passengers in 2017.

Its only other cities with close to one million population are Nay Pyi Taw and Mandalay. Nay Pyi Taw is the relatively new capital city which hosts all the central government ministries and the parliament. Mandalay is the last royal capital of Myanmar and is popular with investors from China. Both these cities are connected to Yangon by air, road and rail.

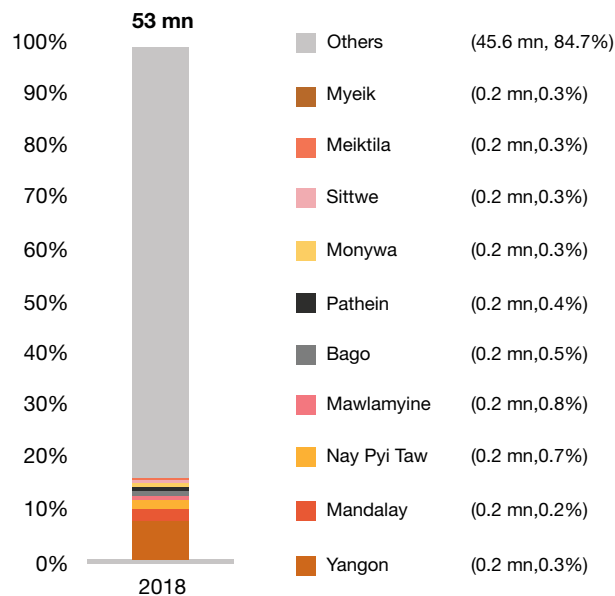
One of the potential driver of Myanmar's economic growth is its fast growing middle class (population with monthly income above USD 120)¹⁶. Middle class grew at 8% CAGR from 2012 to reach 7.3 million in 2016, and is expected to grow at 9% CAGR thereafter to exceed 10 million in 2020¹⁷.

Not only is the middle class population expected to grow strongly, the income of middle class population is also expected to grow at double digit rates over the next five years.

“Size of the urban middle class is expected to double over the next decade, with annual double-digit growth in middle class incomes over the next five years.”

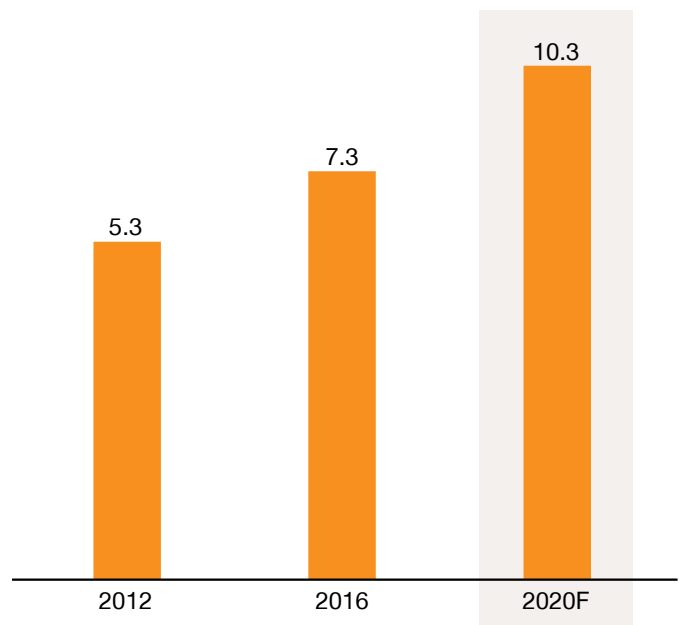
– Asia-Pacific Chief Economist, IHS

Myanmar population by cities



Source: Oxford economics, IMF, world population review

Myanmar's middle class population, mn



Source: Oxford economics, IMF

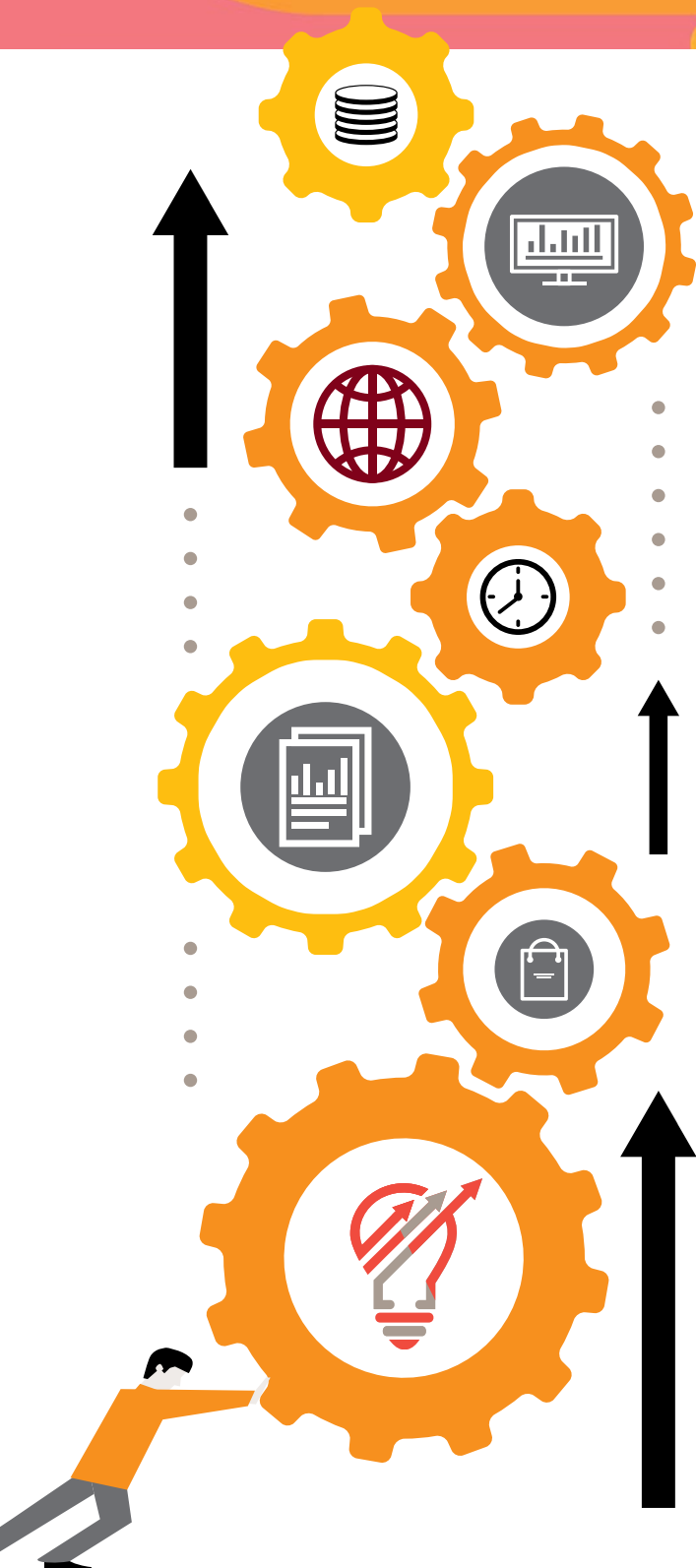
15 Ministry of Transport and Communication, Government of Myanmar

16 The Next Growth Wave: Rising Consumerism in Myanmar, January 2018

17 Oxford economics, IMF

2.

The Economy



The Myanmar economy is still in a nascent stage, being one of the smallest in Southeast Asia. In 2017, the Nominal GDP of the country stood at USD67 billion exceeding only those of Brunei, Laos and Cambodia in Southeast Asia which are much smaller in both land area and population¹⁸. Myanmar's economy is only a quarter of that of Vietnam, its closest comparable.

The resulting GDP per capita for Myanmar is thus among the lowest in Southeast Asia, roughly around half of that of Vietnam.

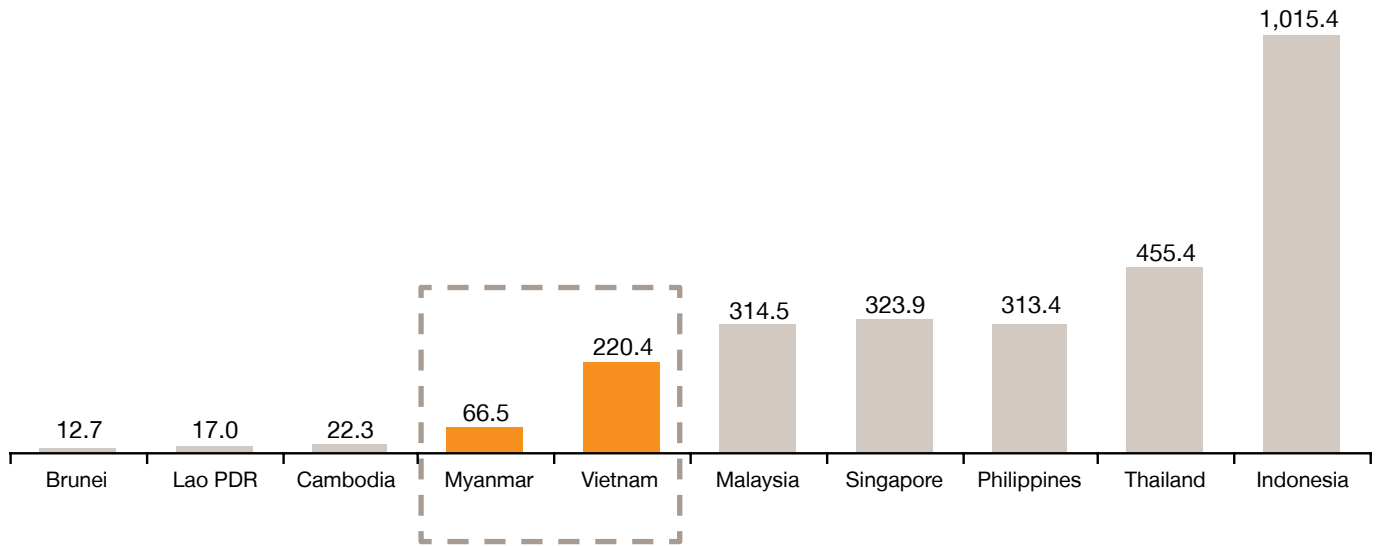
The low GDP figures present a potential upside for economic growth as it catches up with its peers. Government's push to attract foreign investments, an increasing interest of the international investor community in Myanmar and China's Belt and Road Initiative are expected to drive growth in the economy.

Myanmar's GDP grew by c.7% year on year on the average over the past 7 years. Myanmar is expected to be one of the fastest growing economies in Southeast Asia with forecasted GDP growth of 7.3% CAGR between 2018 and 2023. This compares favourably with 6.5% for Vietnam over the same period¹⁹.

18 "Myanmar Economic Monitor", May 2018, World Bank Group

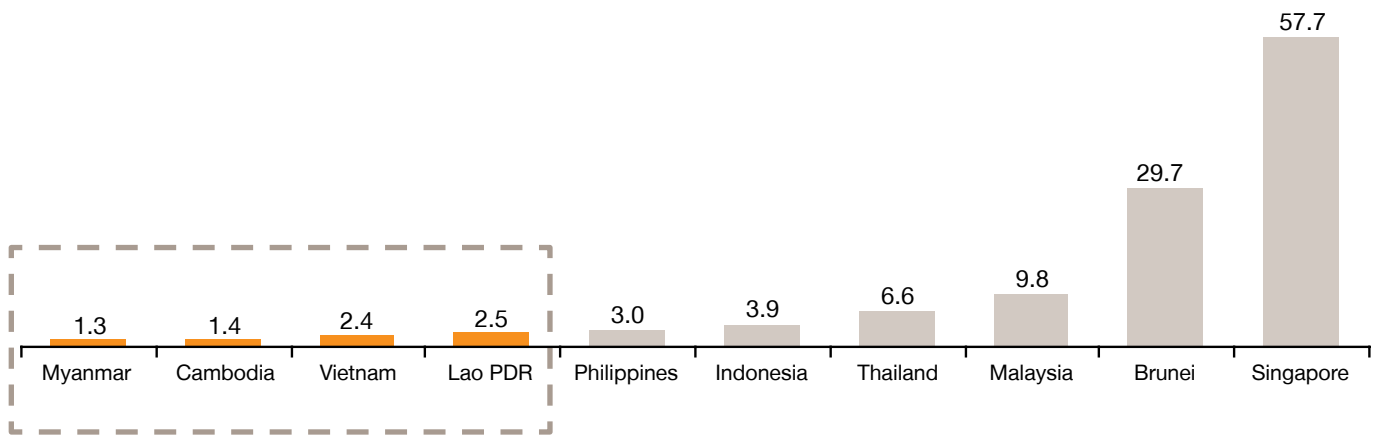
19 World Economic Outlook, International Monetary Fund

2017-18 GDP, current prices (USD bn)



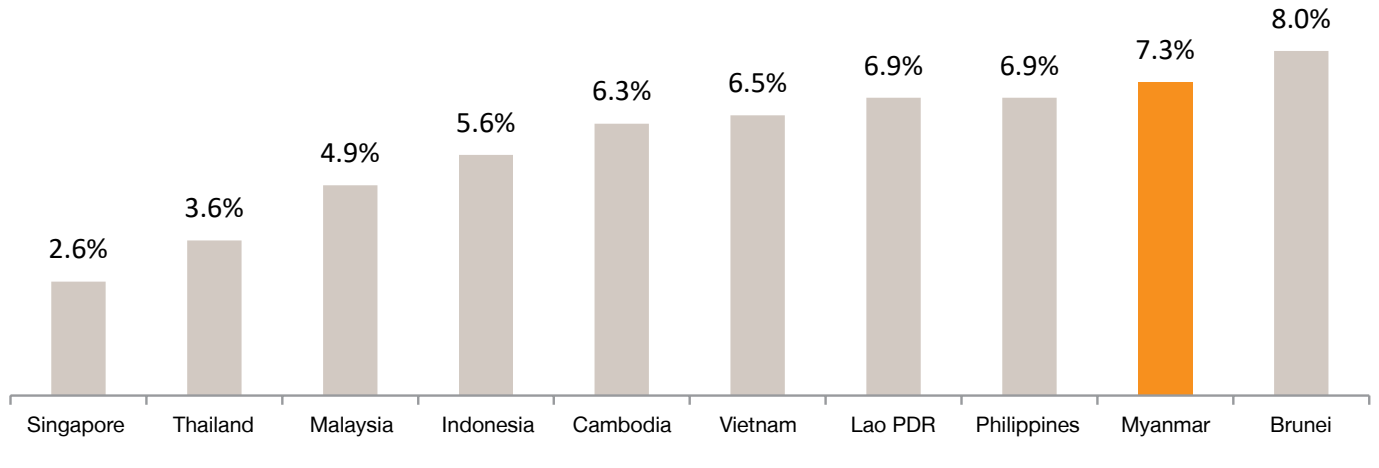
Source: IMF estimates

2017-18 GDP per capita, current prices (USD '000)



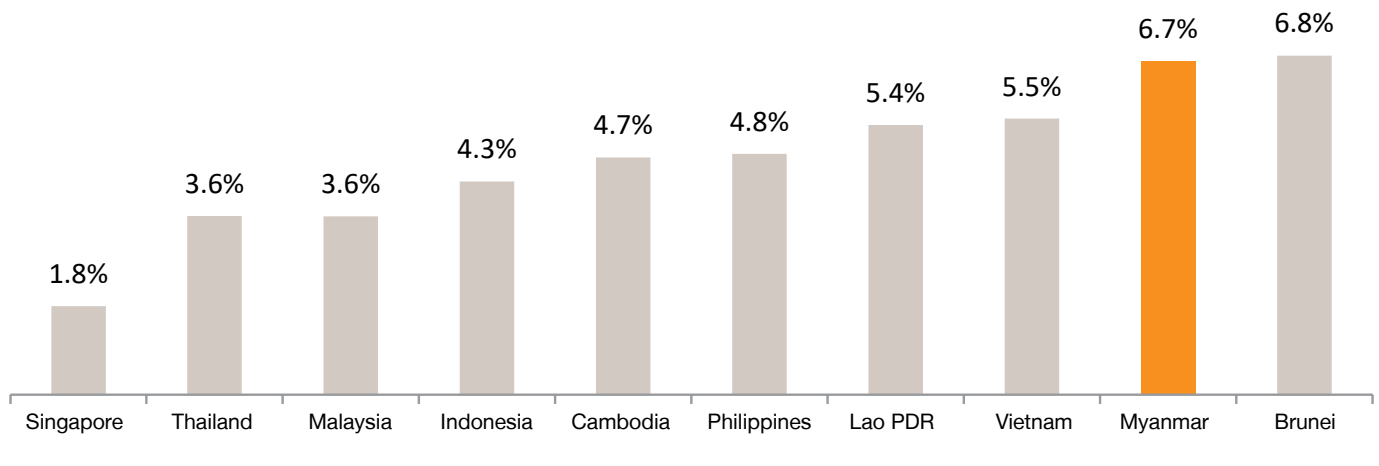
Source: IMF estimates

Expected Real GDP growth, 2018-23



Source: IMF WEO, PwC Analysis

Expected Real GDP per capita growth, 2018-23



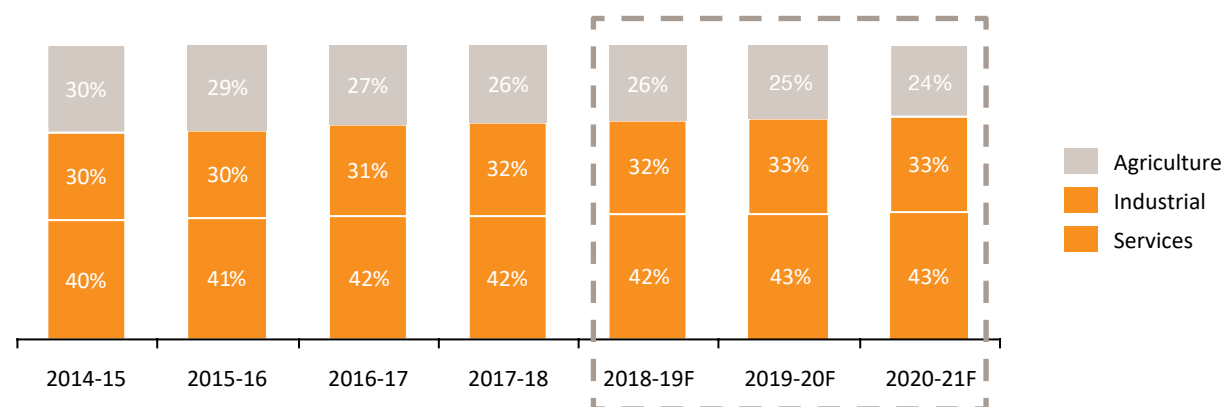
Source: IMF WEO, PwC Analysis

2. The Economy

Agriculture accounts for 26% of its GDP but provides 49% of employment (69% in rural areas)²⁰. Agriculture's contribution to GDP has declined progressively from almost 40% in 2010-11, as the economy slides towards the Industrial and Services sectors. The World Bank expects the economy's dependency on Agriculture to continue to decrease. With increase in mechanisation and higher investment in FDI, more people are expected to move to the Industrial and Services sectors.

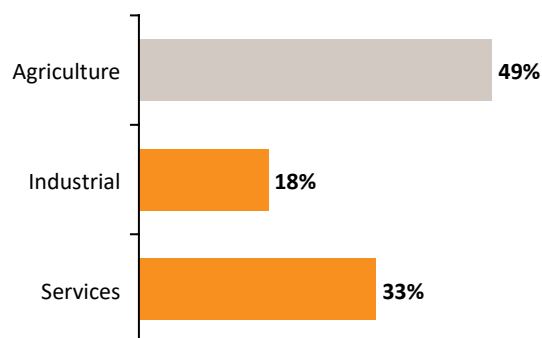
Services (comprising rental, transport, healthcare etc.) is the largest economic sector, accounting for 43% of GDP and 33% of employment²¹. The key growth driver for this sector has been tourism, which recorded significant rise with the opening up of the economy. However the crisis in northern Rakhine has resulted in a drop in tourist arrivals in 2017-18, leading to flat growth in Services.

% contribution of sectors in Myanmar's Real GDP



Source: World Bank estimates

% employment by sector in Myanmar (2017-18)



Source: World Bank

The Industrial sector is still a relatively small part of the economy, accounting for 33% of GDP and 18% employment²². The increasing manufacturing activity (75% of Industrial sector) is estimated to have grown by 11% in 2017-18, driven primarily by rising food processing and garment exports²³. However, the increase in minimum wages (33% increase in March 2018)²⁴ may add pressure to this sector, but this is mitigated by the weakening Kyat exchange rate. The key driver for Industrial sector is Foreign Direct Investment (FDI) in this sector, which grew 65% year on year between 2017 and 2018²⁵.

20 Ministry of Planning and Finance-Government of Myanmar, World Bank

21 "Myanmar Economic Monitor", May 2018, World Bank Group

22 Ibid.

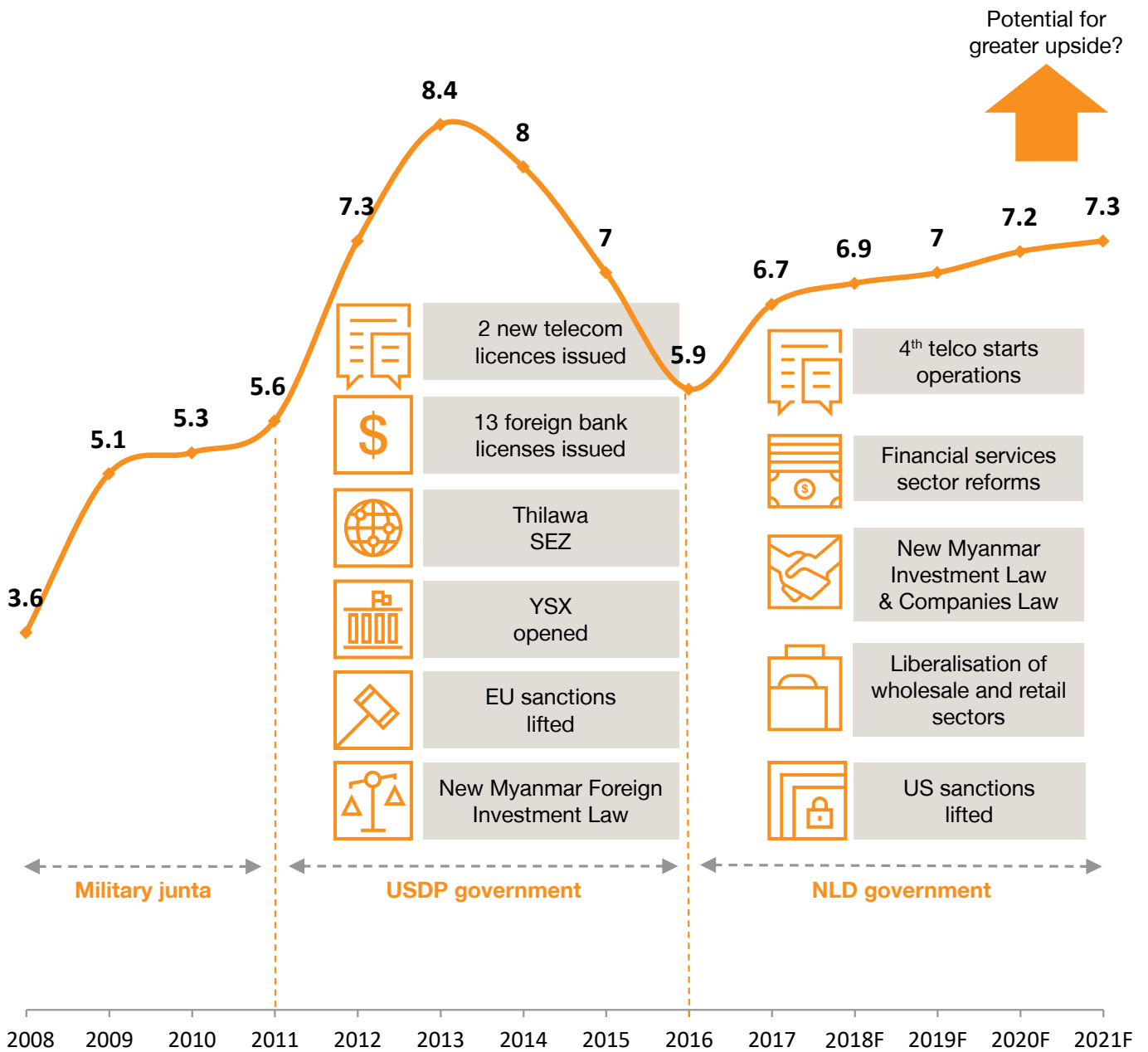
23 Ibid.

24 Ibid.

25 Ibid.

2.1 Key development milestones

Annual Real GDP Growth Rate (%)



Potential for greater upside?



Source: IMF, YRG

The strong economic growth since 2011 have been attributed to several government economic reforms and favourable external factors.

External factors

Firstly, it should be remembered that the opening up of Myanmar coincided with the tail end of the European sovereign debt crisis and the slowdown of growth in BRIC economies. The world was looking for an economic bright spot and Myanmar fitted the bill as one of the last two frontier economies in Asia (the other being North Korea which is still not opened).

It was also the aftermath of the 2011 floods in northern, northeastern and central Thailand, which caused almost USD50 billion in economic damages including many foreign manufacturing plants²⁶. Soon after, in 2014, violent anti-China riots erupted in Vietnam following China's erection of oil rigs in a disputed part of South China Sea causing significant damage to China's factories²⁷. Foreign investors across the Greater Mekong region were looking to diversify their manufacturing bases.

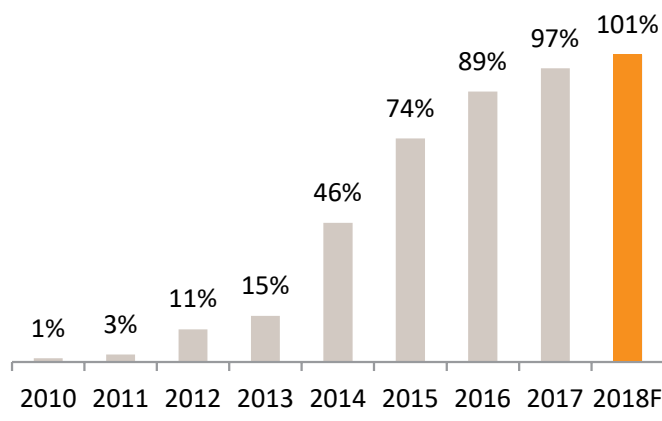
NLD, which boycotted the primary election in 2010, contested in the 2012 by-election (which it won 43 of the 45 seats), thereby giving greater legitimacy to the political reform agenda of the Thein Sein government. As a result of this and other acts like the release of political prisoners, the Thein Sein government increasingly engaged with the Western governments and created positive vibes that the economic sanctions imposed by the Western countries, principally USA and the European Union (EU), may be lifted or significantly curtailed. This greatly improved investment sentiments. The EU sanctions were lifted in April 2013, and the US sanctions in September 2016, seven months after the NLD peacefully and successfully took over the government.

Legislative and economic reforms

Since 2011, successive governments have taken big strides in legislative and economic reforms, and adopted a liberal pro-foreign investment stance in its policies and agenda.

One of the most significant developments was the liberalisation of its telecom market. The government ran an international tender process in 2013 and awarded two new telecom licenses, to Norway's Telenor and Qatar's Ooredoo. Both started operations in 2014, breaking the monopoly held by the state-owned incumbent, Myanmar Post and Telecommunications (MPT). In the same year, MPT entered into a joint operations agreement with Japan's KDDI and Sumitomo Corporation to up its game. A fourth licence was awarded in 2016 to MyTel, a joint venture between Vietnam's Viettel and a consortium of local companies. MyTel started operations in early 2018. The speed and scale of liberalisation were unprecedented, resulting in mobile telephone penetration shooting up from 15% in 2013 to 97% by the end of 2017²⁸.

Mobile Penetration in Myanmar (%)



Source: BMI

Thilawa SEZ, situation in Yangon, was awarded to a joint venture between Japan's Mitsubishi, Marubeni, Sumitomo Corporation and Japan International Cooperation Agency (JICA) and a group of local Myanmar companies in 2013²⁹. Construction of phase one of the SEZ was completed in 2016. Foreign entities and joint ventures operating in the Thilawa SEZ enjoy preferential tax and other benefits.

²⁶ Thai Flood 2011: Rapid Assessment for Resilient Recovery and Reconstruction Planning, World Bank group

²⁷ "Vietnam anti-China protest: Factories burnt", May 2014, BBC

²⁸ BMI

²⁹ "Private Sector Investment Finance for the Thilawa Special Economic Zone (SEZ)", April 2014, JICA

The Central Bank of Myanmar (CBM) issued 13 new banking licenses to foreign banks in 2015 and 2016³⁰. These licences allow the foreign banks to lend to wholly owned foreign entities, joint ventures and banks, but they are prohibited from pursuing retail operations, such as opening of saving accounts, local money transfers, and extending loans in local currency. In 2018, this was further liberalised and seven of the 13 foreign banks were given permission to provide export-financing business.

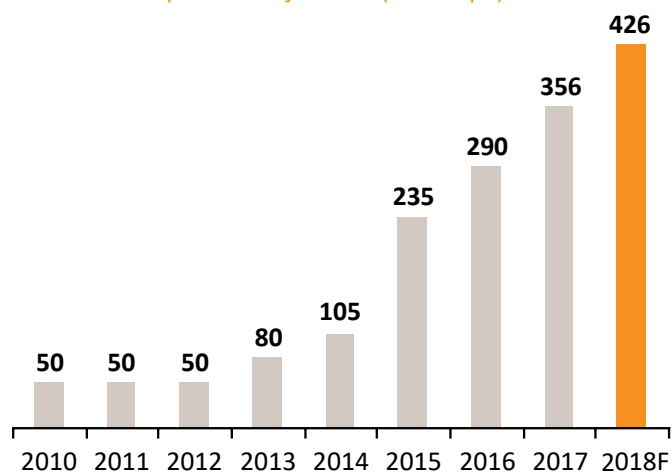
The Myanmar Foreign Investment Law was issued in 2012 to promote and regulate foreign investments. This was replaced by the Myanmar Investment Law in 2016 so as to combine the regulation of both foreign and domestic investments under one set of laws. In 2017, the century old Companies Law was also substantially revised. Under the new Myanmar Companies Law, foreigners are allowed to own up to 35% equity interest in local entities, thus opening up many more sectors to foreign investment and competition. For example, foreigners may be able to take up to 35% equity interest in banks and insurance companies, subject to the approval of CBM.

In addition, it was also announced in 2018 that foreigners will be allowed to carry out wholesale and retail businesses, opening up a sector that developing economies typically seek to protect.

In 2015, the Yangon Stock Exchange (YSX) was opened to provide local companies access to capital markets. To-date, five local companies are listed on YSX.

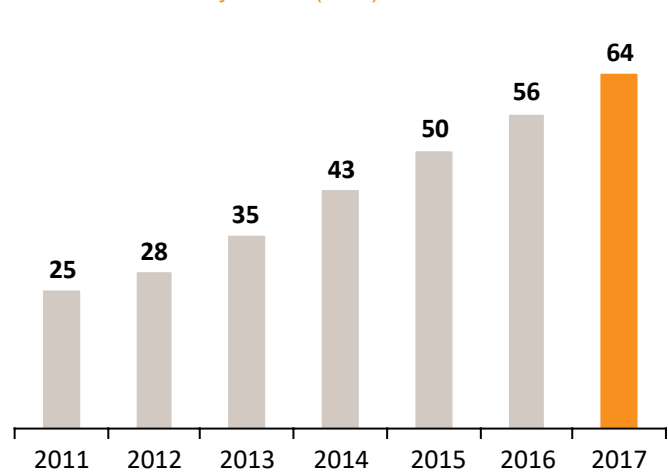
In 2011, there were limited office buildings of international standards and only two internationally managed four star hotels in the country. With the initial wave of foreign investments, office rental and hotel room prices shot up overnight to levels far beyond any other Southeast Asia countries, including Singapore. Significant local and foreign investments have since gone into the real estate sectors, increasing office space by more than eight times, and hotel rooms by almost three times, resulting in substantial falls in rental and room rates. Several large modern shopping centres were also built, and many international F&B and retail brands can now be seen at these shopping centres.

Total Office space in Myanmar ('000 sqm)



Source: Colliers International

Hotel rooms in Myanmar ('000)



Source: Ministry of hotels and tourism statistics

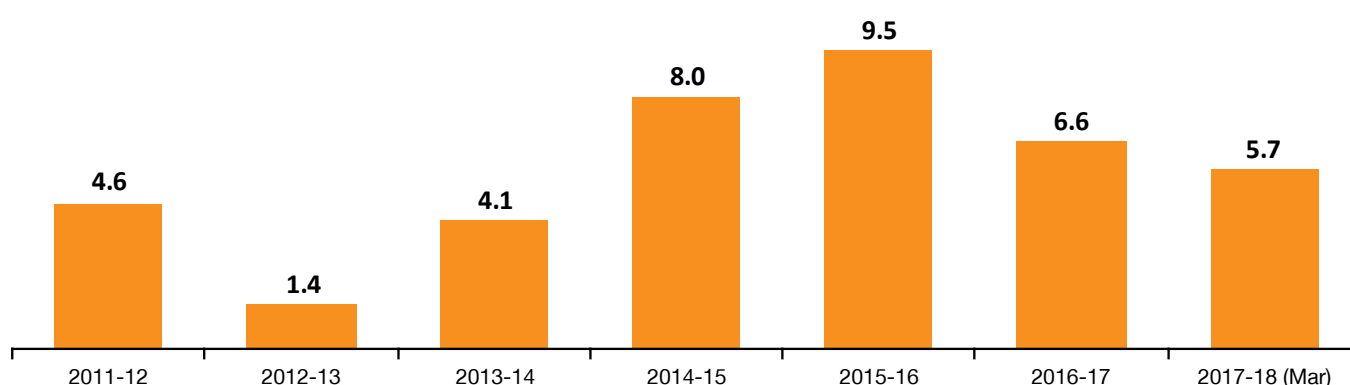
³⁰ Four more foreign banks get Myanmar licence, March 2016, Straits Times

2.2 Foreign Direct Investments (FDI)

As a result of the aforesaid developments, the country recorded strong FDI over the past few years, hitting a high of USD9.5 billions in FY15/16 before falling to USD6.6 billion and USD5.7 billion in the last two fiscal years on the back of teething issues arising

from the change of government and the distractions as a result of the crisis in northern Rakhine (see table below). However, even at these reduced levels, FDI into Myanmar as a percentage of GDP is still one of the highest amongst the Southeast Asian countries.

Foreign Direct Investment in Myanmar by Fiscal Year (USD bn)



Source: DICA Myanmar

Foreign Direct Investment in other countries (2017-18)

Peer countries	FDI (USD bn.)	GDP (USD bn.)	FDI per GDP
Vietnam	17.5	220.4	7.9%
Thailand	8.0	455.4	1.8%
Myanmar	5.7	65.3	8.7%
Bangladesh	4.9	261.4	1.9%
Cambodia + Lao P.D.R.	3.6	39.2	9.2%

Source: DICA Myanmar, Bank of Thailand, Statistics Department: Bank of Bangladesh, UNCTAD, Vietnam Briefing, IMF

Regulatory environment surrounding foreign investment

Myanmar rolled out further important regulatory changes in the past 12 months to facilitate foreign investments. Key reforms focused on foreign ownership of local companies, company registration and liberalisation of foreign investments in the retail & wholesale distribution and education sectors.

Myanmar Investment Rule

Further to the enactment of the Myanmar Investments Law (MIL) in October 2016, the Myanmar Investment Commission (MIC) issued Notification No.10/2017 in February 2017 to define the three categories of development zones: the less developed, moderately developed and developed regions. More incentives are given to investments in less developed regions.

The Myanmar Investment Rule was announced on 31 March 2017, followed by MIC Notification No. 13/2017 on Classification of Promoted Sector on 1 April 2017. The rule and notification provided further information about the types of promoted investments, investment assessment criteria and process, tax investment applications and land rights authorisation applications.

Further to above, The MIC issued Notification No.15/2017 specifically detailing categories of businesses activities which may only be undertaken by four main types of entities:

1. the Union,
2. a Myanmar citizen or entity,
3. by a foreign company in a joint-venture with a Myanmar citizen or entity, or
4. by a foreign company only upon approval by the relevant ministry.

Designation of development zones

Zone 1 Less developed zone



Zone 2 Moderate developed zone



Zone 3 Developed regions



Myanmar Companies Law

The Union President signed the Myanmar Companies Law (MCL) on 7 December 2017 which was put into effect from 1 August 2018. The MCL is based on companies laws in Australia, Singapore and the United Kingdom, and replaces the century old Companies Act 1913. Further to modernising the company registration process electronically, the other key elements of the MCL include:

- Local companies can now have foreign ownership of up to 35% without being considered a foreign company, giving greater scope for international investors to operate in Myanmar and allow local companies more flexibility to tap into foreign capital and know-how;
- A model form of constitution has been prepared by DICA for private companies limited by shares. However, a company may adopt its own constitution and is not required to use this model constitution;
- Higher standards of conduct for company directors to ensure businesses are properly run; and
- A private company can now be owned by one shareholder, with certain residency requirements while the old law required two shareholders for registration

The Ministry of Planning and Finance issued Notifications 56/57/58/59/60 relating to Enforcement of MCL with detailing the procedures and documentary requirements in registering companies.

With the MCL, it is now possible for a foreigner to purchase shares in a local company as well as companies listed on the Yangon Stock Exchange. It has offered local companies increased access to capital for business growth.

With respect to directorship, the old law required each company to have at least two directors, but did not impose any residency restriction on the directors. The new MCL requires (a) a private company to have a minimum of just one director but one of the directors must be ordinarily resident in Myanmar; and (b) a public company to have at least three directors, one of whom must be a Myanmar citizen.

Furthermore, the new Companies Law removes the requirement to apply for a Trade Permit.

MyCo – Myanmar Companies Online

Under the MCL, all existing companies must re-register with DICA's new online company registration system (MyCo), which was launched on 1 August 2018.

MyCo significantly shorten the company registration process to days. Also, companies no longer need to go through lengthy manual process of re-registration when their license expires.

It also allows companies to submit annual reports and required registration documents via online. Though general information about registered companies such as type of company and registration date are made publicly available, detailed company information need to be purchased online.

Liberalisation of the retail and wholesale sector

In May 2018, the Ministry of Commerce issued Directive 25/2018, allowing 100% foreign-owned companies as well as joint ventures to carry out retail and wholesale businesses. Once restricted only to local companies or joint ventures for selected few industries, liberalisation of retail and wholesale trade is expected to open up a lot more business avenues for foreign companies and bring in technology and quality products to local consumers.

Liberalisation of the education sector

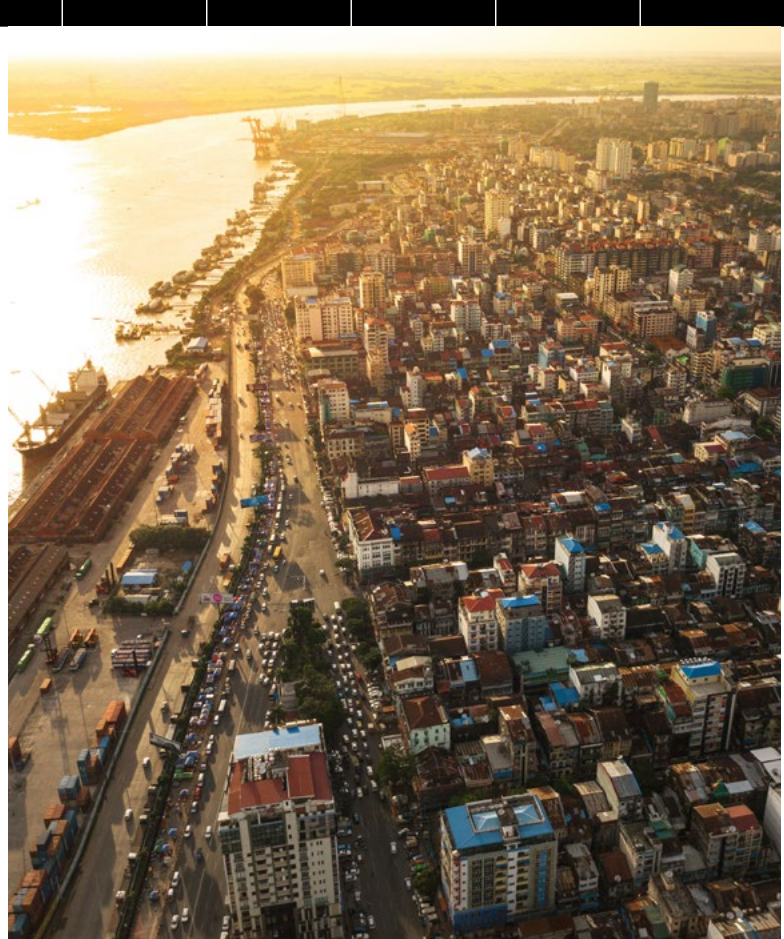
In April 2018, MIC issued notification 7/2018 that allows 100% foreign capital investment in the private education sector. This is expected to garner attention from both investors and foreign education providers alike given the burgeoning demand for quality education in the country.

2. The Economy

Major source of foreign investors

Majority of the investments hail from Asia while investments from western countries makes up less than 10% of the pie.

From the start of Thein Sein's government in 1 April 2011 till 31 August 2018, the main source of Foreign Direct Investments (FDI) was registered in Singapore (241 companies with investments of USD17.9 billion) and China (227 companies with investment of USD10.5 billion), followed by Hong Kong, Thailand, Republic of Korea and the United Kingdom (including the British Virgin Islands and Bermuda Island). Many foreign investors, especially Japanese and Chinese, set up intermediate holding companies in Singapore and Hong Kong to invest into Myanmar. These are shown as Singapore and Hong Kong sourced FDI in the statistics.



Foreign investments by Country from 1 April 2011 to 31 August 2018

No.	Country	USD in mil	%
1	Singapore	17,889	43.3
2	China	10,501	25.4
3	Vietnam	2,083	5.0
4	Other countries/regions	1,817	4.4
5	U.K.	1,722	4.2
6	Hong Kong	1,565	3.8
7	Thailand	1,525	3.7
8	The Netherlands	1,290	3.1
9	Japan	992	2.4
10	Malaysia	987	2.4
11	Republic of Korea	968	2.3
	Total	41,339	100.0

Source: Directorate of Investment and Company Administration, Ministry of National Planning Economic Development .

2. The Economy

Key sectors for foreign investment

The top three sectors for foreign investment are currently Transport & Communication (21.9%), Oil and Gas (20.8%) and Manufacturing (20.0%) (see table below).

In 2017, there were limited investment activities in the Oil & Gas and Mining sectors due to slow global upstream recovery and limited regulatory improvements respectively. On the other hand, the rise in infrastructure needs have driven investments in the Power and Transport & Communication sectors.

Continuous development of the Thilawa SEZ coupled with attractive incentive schemes for large-scale investments in import-substitution industries have led to an increase of (or boosted) FDI into the Manufacturing sector.



Foreign investments by sector from 1 April 2011 to 31 August 2018

No.	Industry	USD in mil	%
1	Transport and communication	9,054	21.9
2	Oil and Gas	8,595	20.8
3	Manufacturing	8,277	20.0
4	Power	6,471	15.7
5	Real estate development	4,155	10.1
6	Hotel and tourism	1,972	4.8
7	Livestock & fisheries	279	0.7
8	Agriculture	222	0.5
9	Mining	110	0.3
10	Industrial estate	79	0.2
11	Other services	2,125	5.2
	Total	41,339	100.00

Source: Directorate of Investment and Company Administration, Ministry of National Planning Economic Development, Myanmar.

6 "Tourism investment up despite drop in visitors", MyanmarTimes, 12 December 2016

2.3 Domestic investments

Domestic investments are mainly concentrated in the manufacturing, real estate development, transport, and hotel & tourism sectors. Domestic investments will continue to play an important role in both real estate development and infrastructural improvement.



Domestic investments by sector as at 31 August 2018 (Permitted Enterprises)

No.	Industry	MMK in billion	Indicative USD million	%
1	Real estate development	4,165	2,755	23.5
2	Manufacturing	3,076	2,035	17.4
3	Transport	2,847	1,883	16.1
4	Hotel and tourism	1,828	1,209	10.3
5	Construction	1,075	711	6.1
6	Industrial estate	863	571	4.9
7	Power	637	421	3.6
8	Mining	137	115	1.0
9	Livestock & fisheries	154	102	0.9
10	Agriculture	52	34	0.3
11	Others	2,845	1,882	16.1
	Total	17,715	11,718	100.0

Source: Myanmar Citizen Investment of Permitted Enterprises (By Sector) as of 31 August 2018, Directorate of Investment and Company Administration, Ministry of National Planning Economic Development, Myanmar. USD indicative value are converted from MMK based on Central Bank of Myanmar reference rate as at 31 March 2018 (USD 1: MMK1,512)



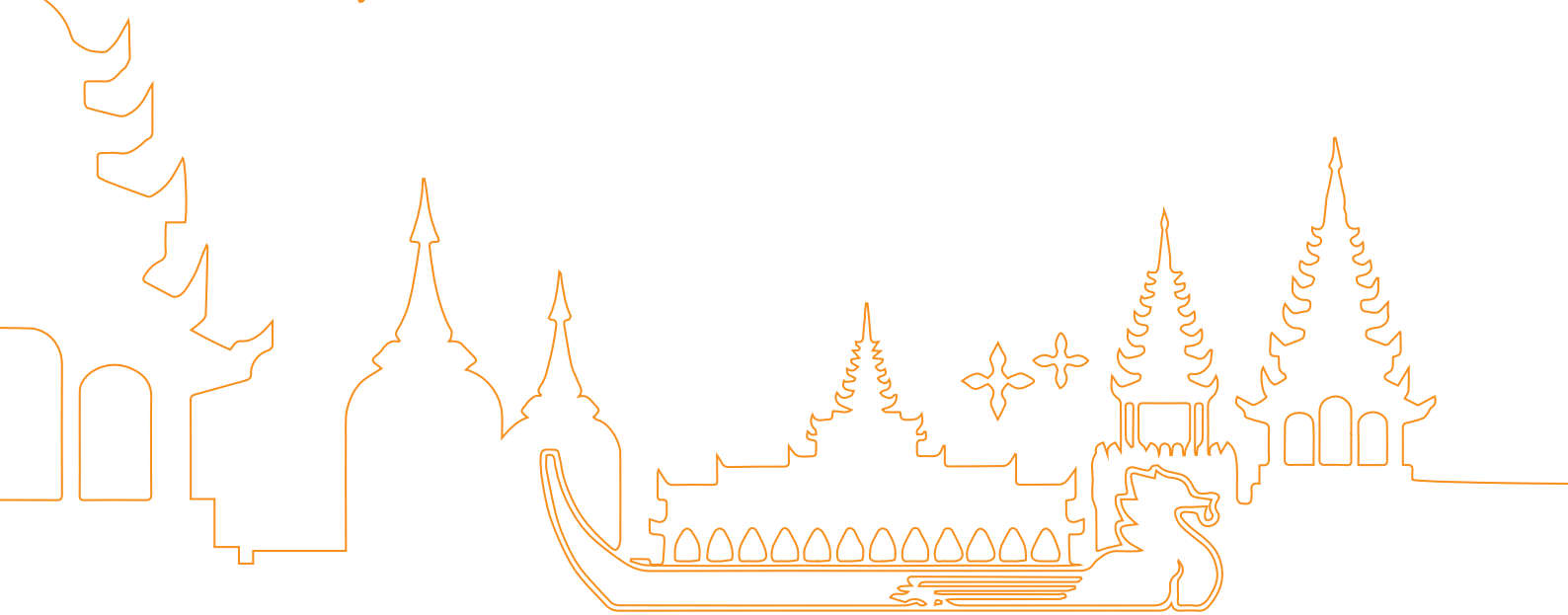
The key companies actively participating in domestic investments are:

- **Military-affiliated investment holding companies, Myanmar Economic Holdings Limited (MEHL) and Myanmar Economic Corporation (MEC).** MEHL is a conglomerate that engages in gem production and various other industries including banking, tourism and transport. MEC is a conglomerate that supplies natural resources used by the military and is also involved in other business sectors. Recently, MEC's subsidiary Star High Public Company formed a consortium with 11 Myanmar companies to partner Viettel, a Vietnamese telecoms company. It was officially launched as the fourth telecommunication player in June 2017³¹.
- **The Myanmar government's program to privatise state-owned enterprises (SOEs),** which started in 2010, is another source for domestic investments³². For example, in 2013, local conglomerate KBZ Group took full control of Myanmar Airways International (MAI) by buying out the remaining 20% stake it does not already own from the government.
- **Overseas-listed Myanmar corporations** are partnering international investors to invest in the country, amongst which Singapore listed Yoma Strategic Holdings Ltd, is the most prominent³³. For example, it brought KFC into the country to give it its first American fast food chain in 2015. It is also forming a joint venture with Germany's Metro Group to build a one-stop food distribution platform in Myanmar⁹. It recently invested a 34% stake into Wave Money, a leading player in mobile money transfer in the country to expand into the fintech sector.
- **Domestic public and private players** are also seeking business expansion. Five public companies have been listed on the Yangon Stock Exchange. They are namely First Myanmar Investment Co., Ltd., Myanmar Thilawa SEZ Holdings Public Ltd., Myanmar Citizens Bank Ltd, First Private Bank Ltd and TMH Public Co., Ltd.

31 "Mytel to target rural areas and compete on price", MyanmarTimes, 17 January 2017

32 "Myanmar To Speed Up Privatisation Of State-Owned Enterprises", Malaysian Digest, 22 March 2017

33 "Yoma forms JV with Germany's Metro Group to build food distribution platform", The Business Times, 24 February 2017



2.7 Special Economic Zones

The concept of Special Economic Zones (SEZ) was introduced in 2010. Up till then, industrial zones used to be the predominant platform for manufacturing. SEZ attracted many foreign investors especially in the manufacturing sector due to improved infrastructure, streamlined custom clearance as well as generous incentive schemes conferred to large-scale investments.

There are currently three designated SEZs (page 27), with Thilawa SEZ being the only active one, partly due to its proximity to Yangon.

- **Thilawa SEZ**, located on the outskirts of Yangon along the Yangon River, is the first SEZ in Myanmar. A Myanmar-Japan consortium comprising Mitsubishi, Marubeni, Sumitomo, Japan International Cooperation Agency (49%) and a public-private partnership comprising the Government of Myanmar (10%) and local enterprises (41%) was established in October 2013 to develop this 2,400 hectare zone. Thilawa SEZ Zone A was opened on 23rd September 2015. Total FDI in Zone A amounted to USD 1 billion. Thilawa SEZ Zone B has already started construction and is expected to be completed by the end of 2018³⁴.
- The Italian-Thai Development company (ITD) had been awarded a contract to complete nine projects within eight years starting from 2010 for the initial 27 square-kilometre phase of the **Dawei SEZ** but withdrew in 2013 due to financial constraints. After five years hiatus, development of Dawei SEZ is expected to resume again this year by the government in collaboration with Japanese International Corporation Agency (JICA)³⁵. A high-level committee and task force were formed in March 2017 to restart and speed up the Dawei SEZ project in Tanintharyi region.
- In December 2015, the Myanmar parliament approved the **Kyaukphyu SEZ** project located in Rakhine state. In 2018, China's conglomerate CITIC holds a 70% stake in the project. The development project will comprise a deep sea port, factories and a housing complex. The Kyaukphyu SEZ Management Committee was set up to deal with matters related to environmental impact assessments and land acquisition³⁶. In November 2018, the framework agreement for Kyaukphyu SEZ has been signed and actual implementation will resume.

2. The Economy



Overview of SEZs in Myanmar



Kyaukphyu SEZ



- Location : Situated about 400km northwest of Yangon
- Region : Rakhine
- Township : Kyaukphyu
- Project size : 120 sq km
- Main developers: China, Myanmar
- Target industries: Regional logistics, oil and gas processing, garment and footwear manufacturing

Thilawa SEZ



- Location : 25 km South of Yangon along the Yangon River
- Region : Yangon
- Township : Thanlyin/Kyauktan
- Project size : 250 sq km
- Main developers: Japan, Myanmar
- Target industries: Light industries, manufacturing of consumer goods

Dawei SEZ



- Location : Situated about 614.3 km south of Yangon
- Region : Tanintharyi
- Township : Dawei
- Project size : 250 sq km
- Main developers: Thailand, Japan, Myanmar
- Target industries: Labour intensive industries such as garment manufacturing and food processing, heavy chemical industries

3.

Infrastructure

3.1 Myanmar key infrastructure insights

The World Economic Forum ranks countries based on their competitiveness index relative to its infrastructure stock when compared to other countries. Myanmar is the only ASEAN country that is not ranked – this is a result of its poor infrastructure, a limitation recognised by the current Government.

Following transition to the new Government two years ago, Myanmar has focused on driving

economic reform and infrastructure development through the introduction of new policy, structural reform, changes within ministries and key personnel, and the introduction of projects that will drive economic growth.

A brief summary of some of these changes are noted in the table below and discussed in more detail in the subsequent sections.

Ministry of Electricity and Energy (MOEE)

- MOEE is aiming to significantly increase power production capacity through the procurement of four large LNG to power projects, adding 3,111MW of power to the grid;
- MOEE aims to restructure the Oil & Gas sector and sell 30 On-shore and Offshore gas block Production Sharing Contracts (PSCs);
- MOEE is restructuring the LPG market through deregulation, increasing private supply of LPG for domestic use and reducing domestic electricity consumption. Furthermore, the No1 Oil Refinery is to be leased to Parami Energy Co through a Public private Partnership.

Ministry of Construction (MOC)

- In 2018, MOC announced its commitment to support the development of four mega projects in Mandalay and Yangon : New Mandalay Resort City, Dagone Seikken Township, a US\$110 million industrial zone construction partnership, and an Eco Green City (discussed in more details below);
- MOC and the Yangon government plan to implement a network of ring roads in Yangon. The network is envisaged to consist of inner ring roads (elevated), outer ring roads (at grade), and radial spokes.

Ministry of Industry (MOI)

- In an effort to improve efficiency and production capacity, the privatisation process of state-owned factories has commenced where operations were suspended in the past due to operational losses and budget deficits. For example, Expressions of Interest (EOI) for the privatisation of multiple state-owned factories have been called.

Ministry of Transport and Communications (MOTC)

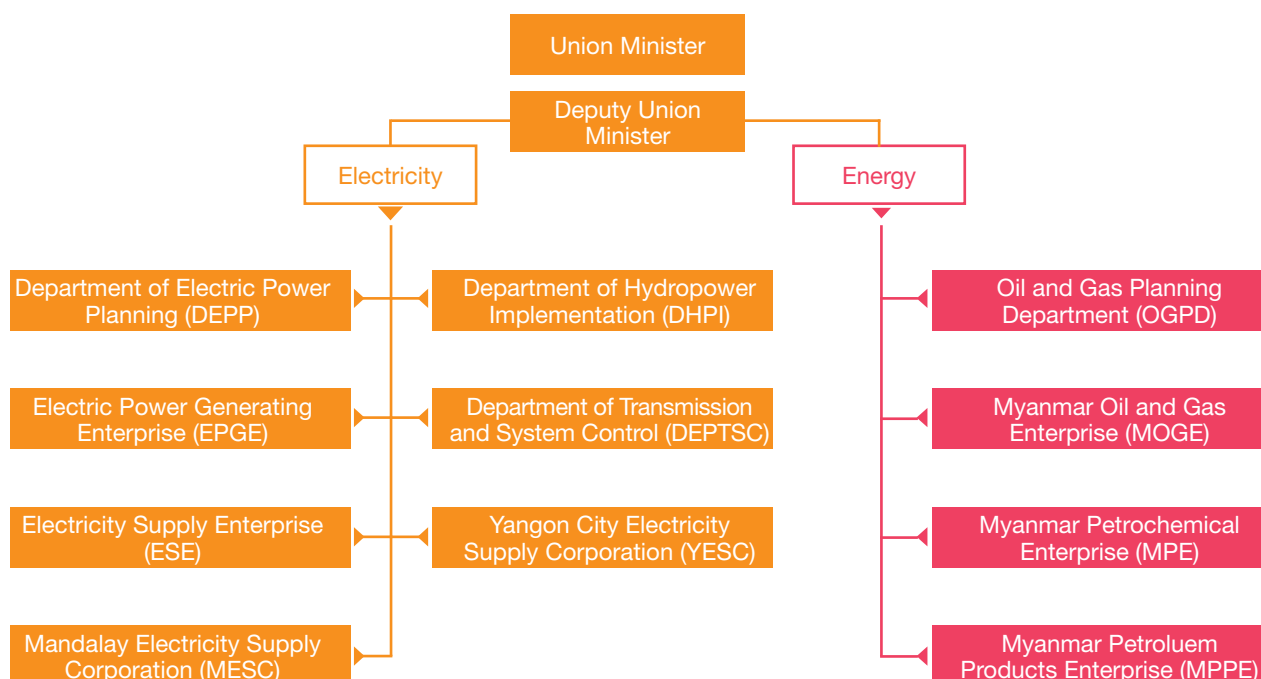
- The National Logistics Master Plan (NLMP) is being formulated;
- NLMP aims to create an efficient and competitive logistics system that supports multimodal transportation in Myanmar.

China's Belt & Road (BRI)

- Myanmar is strategically placed within the Bangladesh-China-India-Myanmar (BCIM) economic corridor and China-IndoChina peninsula economic corridor, on China's Belt & Road Initiative.
- The "China-Myanmar" economic corridor will connect four key cities – Yangon, Kyaukphyu, Mandalay and Muse in Myanmar with Kunming in China's Yunnan province, accelerating infrastructure investment while improving connectivity and therefore trade.

Ministry of Electricity and Energy

Ministry of Electricity and Energy (MOEE) supervises and facilitates the energy sector in Myanmar. It governs the power sector and all aspects of the oil and gas market, including exploration, drilling, production, onshore pipeline networks, and natural gas extraction. MOEE, under the new leadership of Minister U Win Khaing, has taken a number of steps to boost Myanmar’s energy sector.



LNG power plants

In early 2018, MOEE approved four large LNG to power projects through the issuance of “permits to proceed”. These plans will significantly increase the country’s electricity capacity, and so its ability to grow its economy. The four plants are planned across Myanmar which will collectively add 3,111MW of electricity to the national grid at a total cost of USD5.16 billion³⁶.

Estimated project timelines for LNG power plants

Project	Region	Timelines according to MOEE	MW
Kanpauk	Tanintharyi	Phase 1: 36 months Phase 2: 48 months	1,230
Mee Laung Gyint	Ayeyarwaddy	Phase 1: 36 months Phase 2: 48 months	1,390
Ahlone	Yangon	28 months	356
Kyaukphyu	Rakhine	28 months	135
Total			3,111

Source: VDB Loi: Myanmar somewhat unexpectedly signs 4 major LNG/Gas to power projects, 31 Jan 2018

³⁶ “Myanmar to double electricity capacity by 2021 to fill power shortages”, Reuters, 31 Jan 2018

Restructuring of the Oil & Gas Sector

MOEE is reviewing the terms of the existing oil and gas production sharing contracts (PSCs) in an effort to bring new investments into the sector. In July 2018, the MOEE announced that it would start holding tenders for 30 Myanmar onshore and offshore oil and gas blocks by the end of the year. According to the state-owned Myanmar Oil and Gas Enterprise (MOGE), the tenders will be open to both local and foreign oil and gas companies and joint ventures (JV).

Currently, Myanmar has 53 onshore oil and gas blocks. Production in 26 of these blocks are carried out by the government in cooperation with foreign companies; 10 blocks are operated by MOGE; and 17 blocks are unoccupied.

Furthermore, Myanmar has designated a total of 51 offshore blocks, 13 of which are unoccupied while 38 are active under JVs. This results in a total of 30 onshore and offshore blocks to be included in the upcoming tenders³⁷.

LPG

MOEE started promoting the use of Liquefied Petroleum Gas (LPG) for domestic cooking in order to save on consumption of household electricity, in 2016. As part of this effort, the government introduced new policy to allow private companies to JV with Myanmar Petrochemical Enterprise (MPE) in LPG importation, storage and distribution activities. Further, in December 2017, MOEE leased out a state-owned LPG import and storage facility to a private operator; and more recently in May 2018, the first

private sector-led LPG development in the country was launched. MOEE has announced its intention to supply LPG to 1.5 million households by 2020. Current LPG demand is estimated to be 60,000 MT/year and is forecast to increase by 15% annually over the next five to 10 years.

In September 2017, MOEE awarded a lease contract for the state-owned NO.1 Oil Refinery (Thanlyin) located in Yangon to Parami Energy Co. It is the first time the government leased out state-owned facilities under a Public Private Partnership (PPP) for the import, storage and distribution of LPG in Myanmar. In May 2018, Elite Petrochemical Co launched its LPG terminal and port facility as the first private sector-led LPG development in the country. Phase 1 of the development consisted of a 20,000-tonne jetty and up to 3,000 tonnes of LPG storage facilities. Moreover, construction of phase 2 is 40% complete, including storage capacity for up to 25,000 tonnes of LPG and up to 100,000 tonnes of diesel and petrol³⁸.

Fuel prices

The domestic petrol prices have been rising since early 2018 as a result of rising global fuel prices and the Myanmar Kyat (MMK) exchange rate. In an attempt to control rising fuel prices, MOEE sold three million gallons of petrol to Myanmar Fuel Oil Importers and Distributors Association at a price of MMK3,200 per gallon (approx. USD2.40) in April 2018. Moreover, in July 2018 the eight state-owned fuel stations in Yangon, Nay Pyi Taw, Mandalay and Bago regions started selling directly to the market at a price that is lower than the prevailing market price³⁹.



37 "Seminar on Myanmar Insight 2018", MOEE, 20 July 2018

38 "Elite Petrochemical launches first private-sector LPG project in Myanmar", Myanmar Times, 21 May 2018

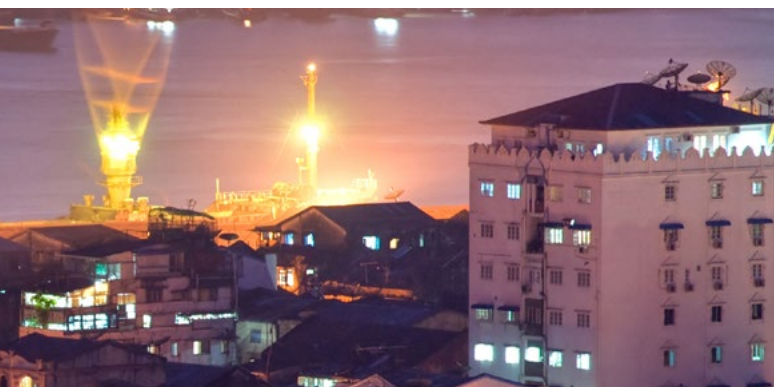
39 "Myanmar Government Steps in to Curb Surging Fuel Prices", Myanmar Business Today, 17 July 2018

Ministry of Construction

In January 2018, U Han Zaw was appointed Union Minister for Construction (MOC). In May 2018, the ministry announced its achievements over the past two years and its future targets. MOC pledged to upgrade more than 42,000 km of roads to the ASEAN Class III standard by 2030, with the most recent projects being the upgrade of two 10-mile sections of the Yangon-Mandalay highway and Maese route linking the Kayin region and Thailand.

Under the urban development plan, MOC plans to build over one million apartments in 330 townships across the country by 2030. MOC recently announced a five-year housing development plan (FY 2017-2021) where 180,000 apartments are planned to be built across the county.

In May 2018, MOC revealed four mega development projects, occupying over 13,000 acres of land on the outskirts of Yangon and near Mandalay. The MOC invited both local and foreign companies to participate in the projects. The four projects include New Mandalay Resort City in Mandalay, Eco Green City, Korea Myanmar Industrial Complex and Dagon Seikkan Smart District in Yangon⁴⁰.



Ministry of Industry

Privatisation of the state-owned factories

The Ministry of Industry (MOI) plans to privatise state-owned factories which suspended their operations in the past due to losses and budget deficits. The privatisations will be in collaboration with local and foreign companies. In the first quarter of 2018, EOIs to take over several of the factories under PPP were called, including:

- No. 16 Heavy Factory (Sinde) in Bago Region which manufactures affordable farming equipment;
- No. 21 Heavy Industry (Thaton) in Mon Region which manufactures bias tyres; and
- No. 31 Heavy Factory (Thayet) in Magwe Region which produces cement.

Amendments to the automobile policy

The automobile market in Myanmar has moved slowly as the authorities prohibited the issue of licenses to vehicles registered in the Yangon region from September 2015. It was reported in June 2018 that MOI is drafting a new policy with the aim to re-allow the licensing of Yangon imported vehicles and to ensure a strong and stable policy framework.

Ministry of Transport and Communication

Land transportation

MOTC, with help from the Japan International Cooperation Agency (“JICA”), is finalising a National Logistics Master Plan to supplement the existing National Transport Master Plan in Myanmar. This plan aims to create an efficient and competitive logistics system that supports multimodal transportation in Myanmar.

According to the National Logistics Master Plan, cargo movement to and from Myanmar is forecast to double to 312 million tons by 2030 compared to 169 million tons in 2015. A total of 167 projects have been included under the National Logistics Master Plan with an average project costing USD29 million (MMK40 billion). The National Logistics Master Plan is expected to be launched by the end of 2018⁴¹.

40 “Performance over two years by Ministry of Construction”, The Global News Light of Myanmar, 01 May 2018

41 “Strategy to build up logistics sector, boost national transport plan revealed”, Myanmar Times, 26 March 2018

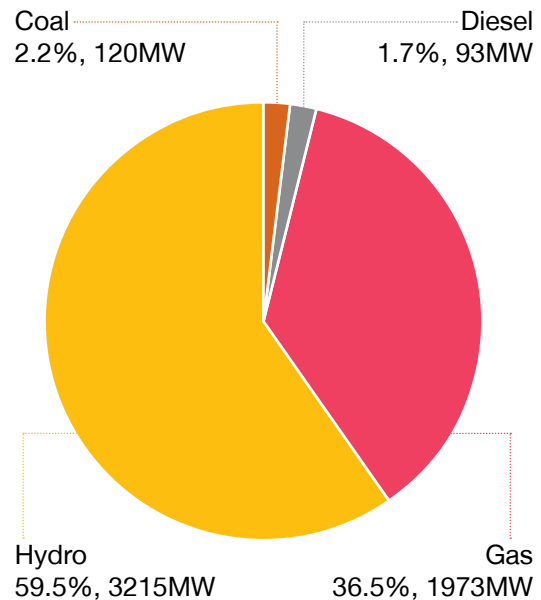
3.2 Sector outlook and opportunities

Power

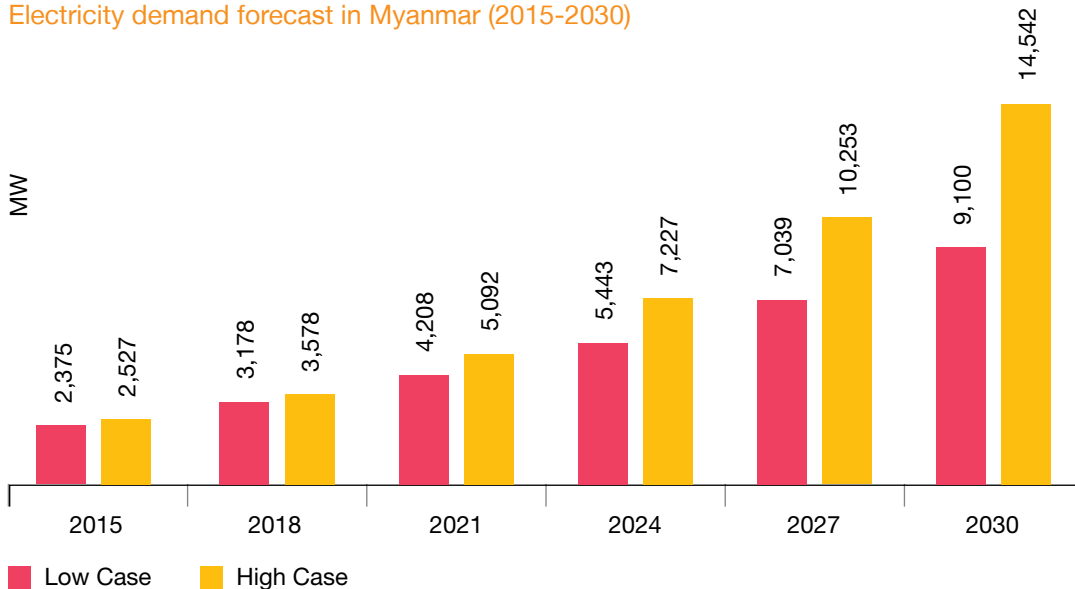
Currently, hydropower and natural gas are the main sources of power in Myanmar. Improved power infrastructure and expanded access to reliable, affordable and clean electricity is expected to be one of the key drivers for Myanmar’s continued economic growth. Myanmar has one of the lowest electrification rates in Southeast Asia, with only 38% of Myanmar’s population having access to electricity in FY16-17.

As of FY 2016-2017, the country reached an installed capacity of 5,402MW. Of the total amount of installed capacity, the majority of 59.5% is from hydropower, 36.5% from gas, 2.2% from coal and 1.7% from diesel⁴².

Installed Capacity of Power Plant in Myanmar in MW (FY 2016-2017)



Electricity demand forecast in Myanmar (2015-2030)



Source: MOEE

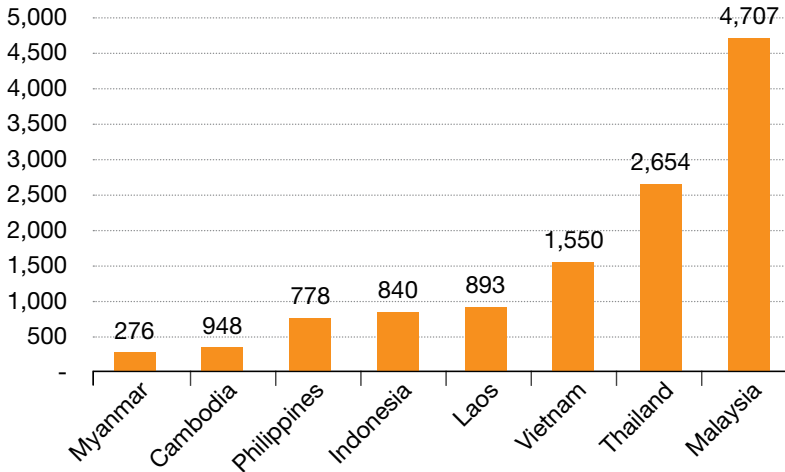
The installed capacity in Myanmar is stated as 5402MW. However, available capacity is reported as being far lower at approximately 3000MW. This is due to various reasons including old equipment leakage, and losses in transmission, inadequate metering and theft. In addition, during dry season, hydro electricity generation reduces and does not run at capacity.

⁴² MOEE, Myanmar Investment Forum 2017, 6 June 2017

Electricity consumption

According to BMI’s data, Myanmar’s per capita consumption of electricity was 276 kWh in 2017, far lower than the global average of 3,000 kWh and the lowest in Southeast Asia. As reported by MOEE, only 38% of Myanmar’s population had access to electricity in 2016-2017.

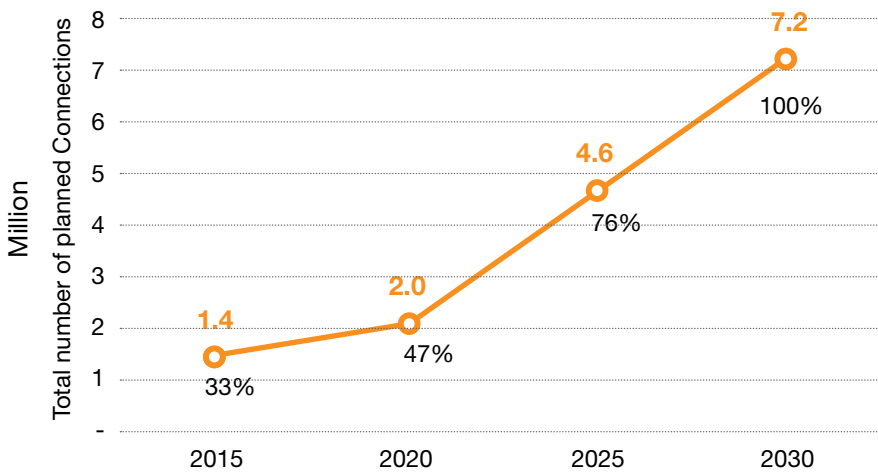
Electricity Consumption per Capita, 2017 (kWh per Capita)



Source: BMI

To address this issue, the Myanmar government, with the help of the World Bank and the United Nations (UN), developed a National Electrification Plan (NEP) that lists out a combined vision to full electrification: 47% access by 2020, 76% by 2025 and 100% by 2030. This implies that 7.2 million new connections will be added during this period.

National Electrification Plan (2014-2030)



Source: World Bank



In the long term, grid power will dominate. However off-grid programs are necessary to provide basic electricity access in the short term - expected to consist mostly of solar home systems and mini-grids. In September 2015, the World Bank approved a USD400 million International Development Assistance credit to Myanmar for both grid extension and off-grid development.

Most recently in 2018, MOEE forecast that the country will consume approximately 4,531 MW of electricity in 2020-2021 which will require an additional 1,342 MW to meet future demand.

Power generation

According to the Myanmar Energy Master Plan published in 2016 by the Myanmar National Energy Management Committee (NEMC), the government planned to increase the share of coal and solar in the energy mix. The share of hydropower and natural gas as a percentage of the total energy mix is expected to drop, while power generation from coal is expected to increase from 2% to 30% and solar is expected to rise from 0% in 2015 to 5% by 2030.

Power generation in FY 2016-2017 reached around 18,000GWh. In January 2018, MOEE revealed the power production plan for 2018-2022:

- 439 MW from three new power plants to be built in 2018;
- 750 MW from four power plants to be built in 2019;
- 260 MW from three power plants planned in 2020;
- 971 MW from five power plants planned in 2021; and
- 891 MW from five planned power plants in 2022.

30% of these plants will be LNG plants, 18% will be Heavy Fuel Oil (HFO), 15% from Hydro, and 5% from solar and others⁴³.

Myanmar has rich hydropower potential with an estimated resource total of 108 GW. As of FY 2017-2018, nine hydropower projects are under construction with a combined installed capacity of 1,441 MW, with current installed capacity at 3.2 GW. It should be noted that hydropower output is curtailed during the dry season.

Myanmar plans to increase its power-generating capacity from 5,400 MW to over 29,000 MW by 2030. As part of this effort, 26 power projects with a combined capacity of 6,487 MW sourced from hydro, thermal and solar sources are in the pipeline, according to the 2018 report released by MOEE. These will be delivered through public and private joint ventures with local and foreign companies, as well as assistance aid and low-interest financing from international financial institutions.

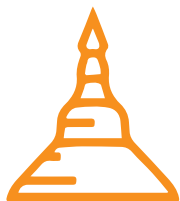
The MOEE is currently revising the electricity law to encourage more local and foreign participation in power sector investments. Under the new law, regional and the state government(s) will have the right to implement small-scale projects (up to 10 MW) and medium-scale projects (up to 30 MW). In April 2017, MIC notification 15/2017 passed – this allows 100% foreign investment in all electricity projects, irrespective of size.

The forecast increase in electricity supply will require the Government ensures the security of feedstock for the new power stations, a challenge being addressed by MOGE.

The authorities are also focused on reducing transmission and distribution loss caused by the ageing national grid. These losses in Myanmar have shown a varying trend across the years. According to the Deputy Minister of MOEE, the ministry had a loss of about MMK337 billion (approx. USD250 million) in electricity transmission in FY 2016-2017; on average, Myanmar is generating electricity at more than MMK300 billion (approx. USD222 million) loss per annum⁴⁴.

43 “Myanmar’s growing electricity needs”, The Global New Light of Myanmar, 31 January 2018

44 “Solving Myanmar’s power problem”, Myanmar Times, 01 Aug 2017



Transport

Myanmar's favourable geographic location gives the country a unique opportunity to develop into a key transport connection hub between South Asia, South East Asia, and China. However, in order to become an integral connection hub, MOTC estimates that the transport sector would require some USD 60 billion of investments over the next 20 years.

At the center of the new National Logistics Master Plan is a logistics corridor development strategy, under which investments will be concentrated across six logistics corridors, which will include major transport and cargo systems such as roads and rivers linking large industrial clusters to border gates and ports. These corridors will comprise the North-South corridor linking Yangon to China; South-East corridor linking Myanmar to Thailand; Trans-Myanmar corridor linking Kyaukphyu in Rakhine State to Tachileik in Shan State, Myanmar; India corridor, as well as the Main River and Coastal Marine Logistics Corridors. Under the Master Plan, investment will be channeled towards building new and upgrading existing logistics facilities and transport infrastructure within these corridors. Funds will also be used to establish a multimodal hub with proper hub and spoke functions and hinterland connectivity⁴⁵.

In 2018, it was announced that Myanmar and Thailand would sign an MOU for the Initial Implementation of a Cross-Border Transport Agreement (IICBTA) to facilitate crucial improvements in logistics within the Greater Mekong Subregion (GMS), enhancing trade and connectivity. The MOU is part of the Crossborder Transport Agreement ratified by six countries in the GMS – Cambodia, China, Laos, Myanmar, Thailand and Vietnam.

River transport

Myanmar has extensive networks of water ways which remain an underinvested natural asset – resulting in river transport being one of the least used transport modes, albeit being the cheapest mode of transport. In 2016, the Asian Development Bank (ADB) identified investments in river transport as offering some of the best potential returns.

Myanmar's extensive river network is well placed to serve the primary transport corridors, including the link between the economic centres of Yangon and Mandalay. ADB estimated that USD100 million investment is needed to deepen the stretch of the Ayeyarwady River flowing north to Mandalay to at least 1.5-2 meters, allowing 500-tonne vessels to navigate the river year-round at higher speeds, which could generate USD 3 billion in transport cost savings⁴⁵.

In July 2017, the government announced plans to begin consultations with regional authorities to develop six inland maritime port terminals – four on the Ayeyarwaddy River and two on the Chindwin River. The Ayeyarwaddy ports will be built at Mandalay, Pakkoku, Sinkham and Magway, while the Chindwin ports will be located at Kalewa and Monywa. In Yangon, the Yangon Regional Government (YRG) intends to develop river jetties under its Ngwe Pin Le Integrated Logistics Park and IWT Jetty Linked Port Project. The jetties are expected to facilitate water transport and reduce the heavy reliance on road transport in Yangon.

Towards the end of 2017, water bus services were launched in Yangon with boats imported from Australia. The new water taxi services are expected to shorten the commute time by half compared to road transport, leading to improved productivity and economic growth.

45 "Strategy to build up logistics sector, boost national transport plan revealed", Myanmar Times, 26 March 2018

46 "Myanmar looks to catalyse river transport as growth driver", Mizzima News, 11 Nov 2017

Railways

State-owned Myanmar Railways (MR) has a monopoly of Myanmar's railways. Despite limited investment in double-track railway routes over the past decade, the majority of railway routes remain single track. As of 2017, Myanmar had a total railway length of 6,110 km, the largest in ASEAN by km of track. However, the country's railway system suffers from poor maintenance and underinvestment. In 2017, the number of people using short and long distance trains rose to over 48 million, compared to 44 million in 2016 and 42 million a year earlier, showing continued, sustainable growth.

MR commenced a reform program in 2016 – this included ceasing the operation of about 18 loss-making train lines. Further, MR has taken on multiple railway upgrade projects with assistance from international agencies. For example, with the assistance of JICA, Myanmar implemented the Yangon – Mandalay railway upgrade project in 2018. This project is expected to cut the travel time from Yangon to Mandalay from 12-16 hours to 8 hours. The upgrade is expected to be completed by 2023. JICA will provide USD2.5 billion for this project while the Myanmar government will provide USD300 million.

Furthermore over the next four years, MR expects to carry out three further upgrade projects, including the upgrade of the circular route in Yangon. This is to be implemented with a loan from Japan of USD207 million; the upgrade of the Mandalay-Myiikyina route is to be financed with a USD 100 million loan from South Korea; while the maintenance of railway bridges is to be funded with a USD60 million loan from ADB⁴⁷.

MR began work on the first phase of the USD301 million Yangon circular rail upgrade project in September 2017. The project is divided into two parts – east section is being delivered by the local contractor Shwe Taung and the west section by local A1 Group in a joint venture with China's Sinohydro Corporation. The project is scheduled to

be completed by mid-2019. The existing fleet of rolling stock is to be replaced by 66-electric multiple unit (EMU) carriages between 2020 and 2022.

In addition, MR has announced plans to redevelop the Yangon Central Railway Station into a mega mixed use development and a new terminal station. In Q1 2018, it was announced that the consortium led by local developer Min Dhama together with Singapore SGX-listed Oxley Holdings and China's Sino Great Wall won the tender. The project is estimated to cost USD2.5 billion, covering 63.5 acres of land of which 1.09 million square meters of floor space will be developed⁴⁸.

Roads

Myanmar is not well connected by road, when compared to other countries in the region. In 2017, the British Chamber of Commerce estimated that just 39,035km (25.8%) of Myanmar's 151,298 km road network were paved. The connectivity deteriorates outside of major cities - nearly half of Myanmar's 33.6 million rural population do not have access to all-weather roads with approximately 20 million people in the country lacking basic road access.

The 2014 National Transport Master Plan outlines mid- and long-term transportation policies, including 36 north-south and 45 east-west highway projects, spanning seven regions and seven states. The master plan has set aside USD11.7 billion investment for these road projects.

In Q1 2018, the MOC announced plans to upgrade the Yangon-Mandalay expressway to match international standards. Phase 1 is planned to be a section of 64 km with funding assistance from the ADB. Additional road upgrades include the Yangon-Pathein Highway project under a build-operate-transfer (BOT) model with Oriental Highway Company, the incumbent highway operator. More recently, the government revealed plans to construct 34,400 km of roads over the next two decades – the majority of works are expected to be carried out in Yangon, Mandalay, Bagan and Pyay⁴⁹.

47 "Railway rider numbers grow after management revamp", Myanmar Times, 20 Feb 2018

48 "Myanmar Railways selects winner for \$2.5 billion Yangon railway station project", Frontier Myanmar, 15 Feb 2018

49 "Major investment in Myanmar roads, rail and ports", Oxford Business Group 2018

Bridges

Bridges are critical to an effective transportation network in Myanmar. In Yangon alone, the lack of bridges to townships like Dala and Twante has directly contributed to the under-development of these townships – while also increasing time to travel to these areas, costing time and therefore reduced economic growth. Recently, the government mobilised plans to build new bridges around the country for better accessibility.

In Yangon, the Yangon City Development Committee (YCDC) has been mapping out the street-crossing bridges and river-crossing bridges. Among them is a four-lane, cable-stayed bridge between downtown Yangon and the underdeveloped Dala township which has been broadly discussed since 2012.

The construction period for the bridge was expected to be five years from 2016. However, the project was delayed due to discrepancies in the designs held by different government departments. MOC recently announced that the construction would commence in Q4 of 2018, using a revised design. The total budget of the project was estimated to be approximately USD168 million with c.USD137 million funded through a loan from South Korea. The remaining funds will be injected by MOC⁵⁰.

Another project that authorities are planning is the No.3 Thanlyin Bridge which will connect Thanlyin and Thaketa townships in Yangon by crossing the Bago River. The project is estimated to cost USD323 million, and the expected completion is March 2021. It will be built by Myanmar engineers under the supervision of Japan with a loan of c.USD282 million from JICA.

Yangon Chief Minister U Phyo Min Thein and New Yangon Development Co. Ltd (NYDC) recently announced that the “New Yangon City” project which will include the construction of two new bridges. One of the proposed bridges will pass over the Yangon River from Kyimyindaing Township⁵¹.

Expressways

To ease traffic congestion in Yangon, MOC and YRG plan to implement a network of ring roads in Yangon. The network will comprise an inner ring road (elevated), outer ring road (at grade), and radial spokes. Investors were invited to submit EOIs for the inner ring road in Q2 2018 under a PPP model. By June 2018, 53 local and international companies/groups submitted an EOI. MOC plans to follow a 2-stage tender process for the Yangon elevated expressway project, including a Request for Qualifications (RFQ) stage to be announced in Aug 2018 and a Request for Proposal (RFP) stage to be announced in Dec 2018. IFC will be acting as the financial advisor for this project⁵².

Buses

In 2017, YRG launched the Yangon Bus Service (YBS), where bus routes were consolidated and the fare system changed. YBS now operates 96 lines with more than 5,000 buses, serving more than two million commuters daily across the city⁵³.

In August 2017, YRG invited EOIs for service providers of Yangon Payment Services (YPS), the cashless payment systems to be installed on YBS buses with prepaid public transport cards being introduced. In June 2018, Asia Starmar Transport Intelligent Co. was selected as the service provider for YPS. Furthermore in 2018, 200 imported mini-buses will be allocated to 22 schools in Yangon, with the safety standards improved from previous school bus systems where the majority use(d) light trucks with minimum safety measures. This is expected to be a trial project by YRG, and once successful, more school buses are expected to be offered to more schools in Yangon⁵⁴.

50 “The battle over Yangon’s Dala bridge”, DVB, 11 July 2018

51 “No.3 Thanlyin Bridge to build in Nov”, Eleven Media, 27 June 2018

52 “53 companies express interest in building Yangon’s ring road”, Myanmar Times, 06 July 2018

53 “The Yangon Bus Service in Numbers”, The Irrawaddy, 15 Jan 2018

54 “YRTA School Bus Scheme to Start in 2018”, Myanmar Business Today, 22 Jan 2018

Airports

According to the Ministry's Department of Civil Aviation (DCA), the total number of local and international air passengers increased to 9.2 million in 2016 from 7.6 million in 2014. By 2030, this number is expected to rise to 30 million.

In July 2018, several domestic airlines were instructed to wind up operations, including Air Bagan and Apex Airlines who surrendered their Air Operator's Certificate (AOC) to DCA; while FMI Air announced its temporary suspension of passenger operations. In May 2018, a JV proposal between FMI Airlines and AirAsia to set up a budget airline covering Myanmar was rejected by the authorities. Earlier in November 2017, Japan's biggest airline All Nippon Airways (ANA) backed out of its USD25 million Asian Blue JV with Golden Sky World, owned by local conglomerate Shwe Than Lwin, after its application for an AOC was rejected by the authorities⁵⁵.

Myanmar has three international airports and 30 domestic airports. In Yangon, international passenger arrival jumped from 5.4 million to 5.9 million between 2016 and 2017. However, the airports in Myanmar, especially the domestic airports remain significantly under-invested. The Government plans to expand and upgrade airports in major cities in order to develop the logistics and tourism sectors in Myanmar, as a priority⁵⁶.

The Hanthawaddy International Airport project, located 80km from downtown Yangon, was a planned national project to cater for an increase in tourist arrivals in the future and to ease the traffic congestion around Yangon International Airport. Once complete, Hanthawaddy airport will be the fourth and largest major gateway for international airlines in Myanmar. In 2014, a consortium comprising Japan's JGC Corporation, Singapore's Changi Airport International and Yongnam Holdings won the tender to design, construct and operate the airport. In Q1 2018, the consortium announced that the framework agreement signed with DCA had expired. It has been reported that DCA and Japan are working together on the financing arrangements for the airport, which were expected to be submitted to Japan's cabinet in September 2018.

Myanmar has privatised a series of airport operations under PPP schemes over the last four years. In late 2017, tenders were called to upgrade the existing Kawthaung airport in Tanintharyi Region, Mawlamyine airport in Mon State and Heho airport in Shan State. In September 2018, Japan was expected to make a decision with respect providing a USD42 million grant for the upgrade of Nyaung-U airport in Bagan. Once upgraded, Nyaung-U airport is expected to be the first eco-friendly airport in Southeast Asia.

Ports

Myanmar has a total of nine international ports to cater for seaborne and coastal trade.

Despite being the only river port, Yangon Port handles 90% of import and export cargo. Most of the other ports are proposed locations for development - some of these have small structures with minimal operations.

Yangon Port is the gateway for import and export in Myanmar. The wharves/berths at Yangon Port can currently handle general cargo, containerised cargo, oil and bitumen. Yangon Port is divided into two areas - the Yangon Inner Harbor Area (YIHA) and Thilawa Port Area (Myanmar International Thilawa Terminal - MITT). YIHA historically handled the majority of the container throughput, while MITT is expected to surpass YIHA in terms of container throughput in 2018.

On the other hand, the other regional ports primarily cater to coastal trade cargo.

Myanmar Port Authority (MPA) is the government agency under MOTC responsible for regulating all coastal ports in Myanmar. Tariffs are set out by MPA and the private developer is responsible for collecting port dues from the port users, either in Myanmar Kyats or US Dollars. The Myanmar Port Authority Law (2015) and the Myanmar Port Authority Rules (2016) define the handling of international ports and port services in the country. Authorities are also planning to develop regulations that would apply to dry ports.

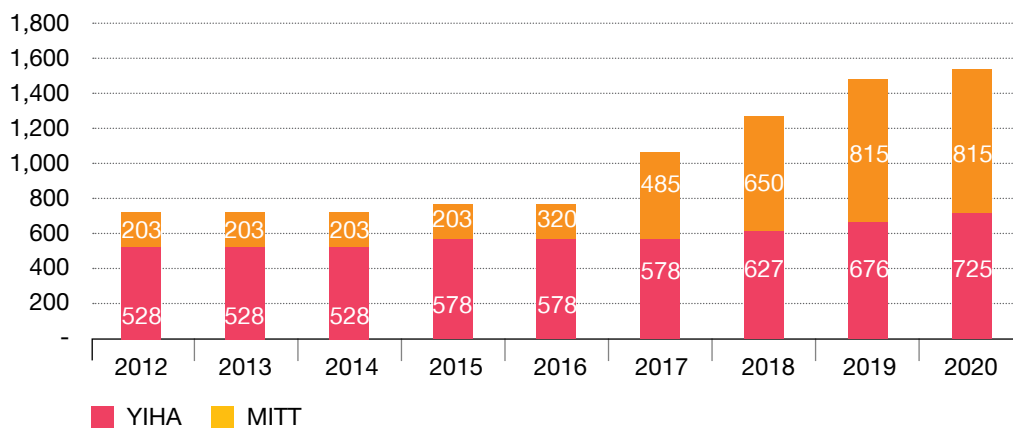
Investment regulations do not contain any restriction on foreign ownership in port terminal activities. Most ports in Myanmar are developed on a build-operate-transfer (BOT) basis with MPA acting as the landlord⁵⁷.

55 "Unable to break protectionist curse, FMI bites the dust", Myanmar Times, 23 July 2018

56 "Yangon International Airport welcomed 5.92 million passengers in 2017" Mizzima News, 03 Feb 2018

57 Port terminal development in Myanmar: Key issues to Consider" VDB Loi, 22 Feb 2017

Container Throughput of Yangon Port ('000 TEU)



Source: JICA

Dry ports

To improve logistics networks, the government has initiated plans to develop dry ports. In August 2014, the Ministry announced the tender for two inland ports: Ywar Thargyi dry port (Yangon) and Myit Nge dry port (Mandalay). The Hong Kong-based Kerry Resources Transport (KRT), together with a local company, Resources Group Logistics (RGL), won a concession to operate both dry ports. KRT plans to invest USD42 million while RGL plans to invest USD39 million into the two projects. China Communications Constructions Corporate (CCCC) is engaged as the advisor for construction. The concession period is 50 years, with an option to renew twice for 10-year periods. Both dry ports are expected to be completed in 2019⁵⁸.

In 2018, YRG launched the Ngwe Pin Le Integrated Logistics Park and Inland Water Transport Jetty Linked Port project (NPL Project) with the aim of reducing road congestion and lowering logistics transportation costs between ports in Yangon and the western side of the city. The project is located approximately 20 km north of Yangon's Central Business District. It has a total site area of 224 acres with direct access to the river with a waterfront of 1,000 feet. The project is close to major industrial zones in Yangon including Hlaing Thayar, Ngwe Pin Le, Shwe Lin Ban and Shwe Pyi Thar. Yangon Metropolitan Development Public Co., Ltd (YMD) was appointed as the procurement agency and site developer of the project in May 2018.

58 "Dry port projects to be complete in 2019", Myanmar Times, 04 Jan 2018

3. Infrastructure



Telecommunication

Myanmar's telecommunications sector has witnessed robust growth in the past few years with mobile penetration at 105% in 2018 which is up from 90% in mid-2016.

In 2013, the Myanmar government opened the sector to foreign investors by allowing bidders to bid for two out of the three national telecommunications licenses. Norway's Telenor and Qatar's Ooredoo won these tenders and commenced operations in 2014. According to the Oxford Business Group, Myanmar Posts and Telecommunications (MPT) led the market with 25 million subscribers, followed by Telenor with 19 million subscribers and Ooredoo with over 9 million subscribers in the first half of 2017.

In 2017, Mytel, the Vietnamese-backed company was awarded the fourth mobile license. Mytel launched its services in March 2018, and in June, announced that it had achieved population coverage of 70% with its 4G network. Since Mytel's launch, it has signed on around 100,000 users and distributed three million SIM cards.

The shareholder of Mytel is Star High Public Co Ltd, a consortium consisting of 11 local companies and Viettel from Vietnam. It is reported that USD1 billion has been invested by Mytel in telecom infrastructure, 5,000 base transceiver stations (BTS) with 30,000km of fibre-optic cable installed⁵⁹.

⁵⁹ "Mytel Investment hits USD 1bn", TeleGeography, 26 June 2018

Industrial Zones

The number of industrial zones has increased over the years in Myanmar. Over 80% of the total industrial estate land is located in the two major commercial regions: Yangon and Mandalay.

Main Industrial Zones in Myanmar

Name of industrial zone	Region	Year established	Total area (Acre)	Number of active businesses
Hlaing Tha Yar	Yangon	1996	1,624	747
Mingalardon	Yangon	1996	560	10
Shwe Pyi Thar	Yangon	1996	1,323	265
East Yangon	Yangon	1996	3,200	3,081
Mandalay	Mandalay	1995	1,239	1,255
Non-Polar Zones	Bago/Mon/Sagaing/ Shan/Kayin/ Thanintharyi/Magway	1995-1999	4,058	1,849

Source: Ministry of Industry, data as of 2013

Currently, over 20 industrial zones have been established in Yangon with a focus on industries such as garment manufacturing, agri-processing and consumer goods manufacturing.

Industrial zones in Yangon



Source: Hong Kong Trade Development Council

Yangon Region Chief Minister, U Phyo Min Thein unveiled plans at the Yangon Investment Forum 2018 for 11 new industrial zones across 11 townships on the outskirts of Yangon. The aim of these is to reduce development gaps across different townships as well as the provision of more jobs for local citizens. The locations of the upcoming industrial zones include Hmwabi, Taikkyi, Hlegu, Htantabin, Twante, Kawhmu, Kunchangon, Thanlyin, Kyauktan, Kayan and Thongwa townships. Each industrial zone will be located on a land parcel of approximately 1,000 acres.

In early 2018, the Chief Minister mentioned that a Yangon Region Industrial Zone Supervision Committee will be formed with officials from YRG who will manage the development of the industrial zones in Yangon. MOI recently stated that the enactment of the Industrial Zones Law is being drafted⁶⁰.

60 "Efforts made for emergence of Industrial Zones Law", Eleven, 04 May 2018

Urban infrastructure

Myanmar has suffered from limited urban planning, and with resultant inadequate urban infrastructure and services. Policies and laws on land management, environmental protection, water resource management, decentralisation, housing development, and urban planning and development are also limited. Furthermore, there is a lack of coordination between government agencies and a poor understanding of the division of roles and responsibilities at central, regional/state, and municipal levels of government. The problem is compounded by poor coordination and integration between the national development plan, spatial plan, and sector master plans.

To meet the needs of the growing urban population, the MOC plans to implement urban development plans in major cities including Yangon and Mandalay by 2040.

YRG and JICA jointly prepared the city's future vision and strategic urban development master plan (Yangon 2040 Master Plan) in 2013. In January 2017, it was reported that an updated version of the plan had been completed. The new version of the study includes a short-term plan (2020), a comprehensive medium (2025) and a long-term development vision (2035) for Greater Yangon.

The Yangon City plan includes 41 priority strategic urban development projects with a total estimated cost of USD2.2 billion. Among the 41 projects, 25 projects are within the urban development management sector consisting of prioritised area development, CBD regeneration and capacity development; while the other 16 projects are improvements of the existing infrastructure and improving disaster resilience. The priority projects are to be planned, reviewed and updated every five years as recommended by JICA.

In addition, there are 96 projects under the urban transport development component which includes bus modernisation, traffic management and safety management, transit oriented development and strengthening of the Yangon Region Transport Authority (YRTA) according to JICA⁶¹.

In 2016, JICA supported the preparation of the Urban Development Plan 2040 for three other major cities including Mandalay, Patheingyi and Mawlamyine.

Water supply

Myanmar has significant water resources or water endowment (i.e. total sustainable water per inhabitant) of 24,000 cubic meters per year. According to ADB, total water withdrawal is less than 5% of the renewable resources available. Approximately 91% of water withdrawal comes from surface water and 9% from groundwater. The water withdrawal by sector is at around 89% for agriculture, 10% for municipalities and 1% for industries⁶².

In Yangon's urban areas, the main sources of municipal water are surface water (92%) and ground water (8%), covering approximately 40% of total demand. However, as of 2017, only 70% of the 309,343 connections for YCDC water are metered.

In the second largest city Mandalay, municipal water is only supplied for 10 hours daily across 55% of the city area. 90% of the water supply for Mandalay residents is sourced from tube wells and 10% from untreated surface water. The main challenges of the water supply services are aging supply networks, low delivery pressure and degradation of water quality. The conditions are worse in other regions of the country where standards for water related services and upgrading of the existing old systems are required.

To enhance the Yangon region water supply system, construction of new water supply and treatment plants are currently underway. The new projects include the Lagoonpyin Project with a capacity of 40 million gallons per day (MGD) and the Kokowa Phase 1 with a capacity of 60 MGD per day. Moreover, YCDC is conducting a feasibility study for the Toe Myit water supply project which will supply 120 MGD upon completion.

On 10 May 2018, the ground-breaking ceremony for the Japanese official development assistance (ODA) loan project "The Greater Yangon Water Supply Improvement Project (MY-P5)" was held. The project will cover improvements such as water source development, treatment plants, transmission systems, construction of a service reservoir, distribution pump & pipe, non-revenue water (NRW) reduction and installation of disinfection equipment for safe water supply. The project is expected to complete in 2020.

61 The Report: Myanmar 2018, Oxford Business Group

62 ADB: Myanmar urban development and water sector assessment, strategy, and road map (2013)

Sewerage

Yangon and Nay Pyi Taw are the only two cities with sewage treatment plants which serve a small fraction of its population. Yangon's existing sewerage system was constructed in 1888 for a population of 40,000 and little has been done since to update the system since. Currently, the system covers six townships in the downtown area and serves a population of approximately 350,000, about 7% of the city population.

In Nay Pyi Taw, only 20% of the city uses the sewage treatment system. For the majority who do not have access to the sewerage system, the city development committees provide septic tank collection and cleaning services, as well as vacuum truck services to wastewater treatment centres.

In 2014, YCDC together with JICA conducted a survey on how to improve the water supply, sewerage and drainage system in Yangon. The study forecast that YCDC's service coverage would reach 8.52 million of the population by 2040, up from 5.14 million in 2011.

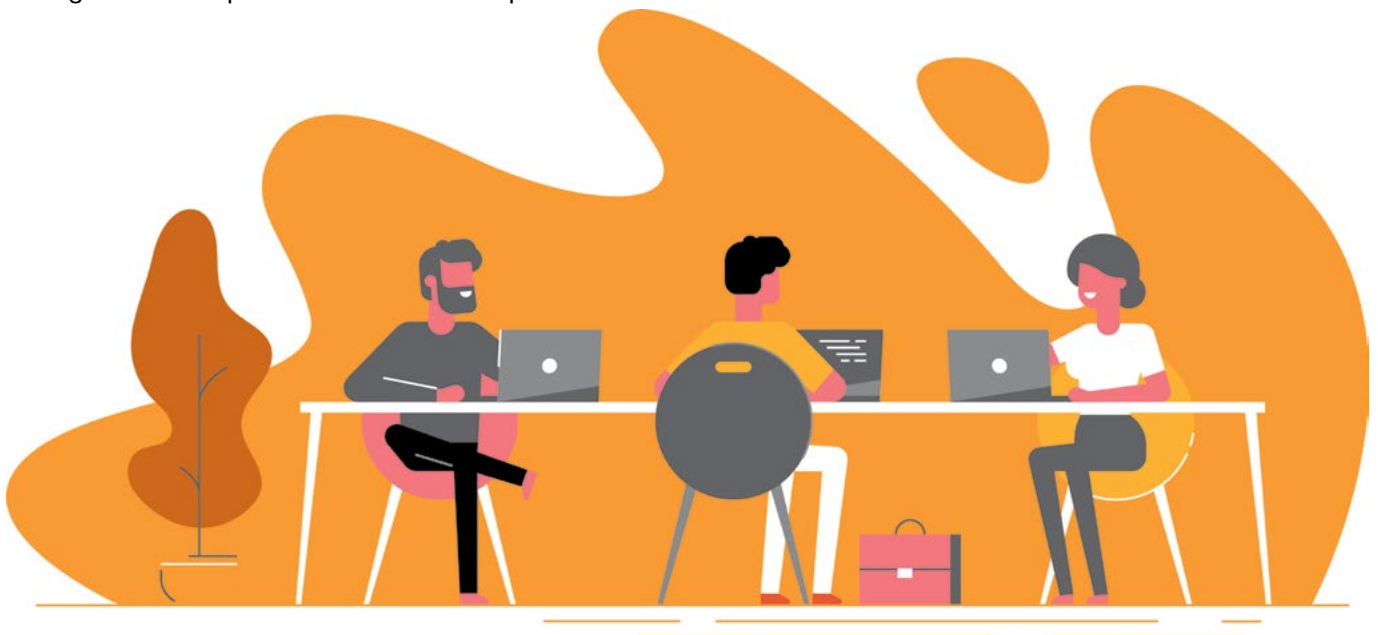
More recently, it was reported that JICA is conducting a feasibility study for the sewage pipeline networks in downtown Yangon. There is a further feasibility study being conducted by ADB for a sewage treatment plant in Ahlone Township⁶³.

Solid waste

Although solid waste collection and disposal systems exist in some cities, they are inefficient and involve little or no formal waste processing methods, ultimately leading to pollution and improper sanitation conditions.

In Yangon, Mandalay and Nay Pyi Taw, their respective City Development Committees and Pollution Control and Cleansing Departments (PCCDs) are tasked with solid waste management. In other parts of the country, the respective township development committees under the regional government are responsible for municipal waste collection and disposal.

Waste is currently collected by respective townships and city development committees and is transported to open dumping sites located within city boundaries. These dumping sites face a number of challenges in terms of operations and management.



63 "Going underground: upgrading Yangon's colonial-era sewers", Frontier Myanmar, 29 May 2018

New Town Developments

New Yangon City

YRG launched the New Yangon City Project in order to meet the demand of the growing population in Yangon, in March 2018. The project will be implemented by NYDC, an incorporated company 100% owned by YRG. The total area of the project including Phase 1 and Phase 2 is 1,500 sq km (30,000 acres) to the west of central Yangon across from Kyeemyin Daing Township.

Phase 1 will be developed on 20,000 acres of land. The estimated cost for Phase 1 infrastructure is approx. USD1.5 billion for the following:

- Five village townships;
- Two bridges giving access to the new city;
- 26 km of artery roads;
- 10 sq km of industrial estates;
- Power plant, transmission, distribution facilities; and
- Water and wastewater treatment plants.

In May 2018, NYDC signed an agreement with Chinese state-owned CCCC to prepare a detailed project proposal to develop this infrastructure. This is to be procured under a “Swiss Challenge”.



New Mandalay Resort City

The New Mandalay Resort City project was originally known as the Yadanarpon Cyber City, the ICT hub for northern Myanmar. In early 2018, MOC called for an EOI to develop the project into the New Mandalay Resort City. A total of 39 companies submitted their EOIs. The project will be implemented on 10,000 acres of land near Pyin Oo Lwin Township in the Mandalay Region.

The project features three phases with the union government overseeing the development of phase 1 and phase 3 while the Mandalay Regional Government plans to manage phase 2.

In June 2018, it was reported that Khin Myanmar Development Co., Ltd, Central Irrawaddy Development Co., Ltd and Shwe Taung Development Co., Ltd were selected as three preferred bidders to develop the project.

Eco Green City

An Eco Green City which covers 1,400 acres of land in Yangon's Hlegu Township is being planned for development within 10 years. The total investment required for this project is estimated at nearly USD2 billion.

The project consists of 2 phases: Phase 1 includes low cost housing, a transportation terminal, government administration offices and shopping malls. Phase 2 includes an international hospital, school, hotel zone and public recreational spaces. The project commenced in December 2017 and will be developed by the Local Alliance Start Group of Companies together with MOC⁶⁴.

64 “Eco Green City Project In Hlegu Township To Be Implemented At US\$ 2 Billion Of Estimated Budget”, imyanmarhouse.com, 29 May 2018

Belt and Road Initiative (BRI)

BRI is a complex, multi-dimensional programme which was initiated by the Chinese government in 2013. BRI covers four key land routes and 2 marine corridors:

The 4 Land routes are:

- 1) New Eurasian Land Bridge;
- 2) China – Mongolia – Russia Corridor;
- 3) China – Pakistan Corridor; and
- 4) China – Central Asia – West Asia Corridor.

The 2 Ocean routes are:

- 1) Bangladesh – China – India – Myanmar Corridor (BCIMC)
- 2) China – Indochina Peninsula Corridor (CICPC).

These economic corridors will act as ecosystems, facilitating nation building and trade, while allowing sustainable growth.

Myanmar is strategically located along the BCIMC and CICPC corridors. In November 2017, China announced a China Myanmar Economic Corridor (CMEC) as part of BCIMC corridor to further enhance development in Myanmar.

Bangladesh – China – India – Myanmar Corridor (BCIMC)

BCIM is the multi-modal connection linking China and India, via Bangladesh and Myanmar. K2K highway, the main artery of BCIM, will connect Kolkata and Kunming. The total investment of the 2,800-km highway project is estimated at approximately USD22 billion. Marine routes of BCIM will connect India and Myanmar in order to transport goods from Kolkata via Myanmar's port of Sittwe⁶⁵.

Route of K2K highway



Source: Deccan Chronicle

⁶⁵ "Myanmar's stake in two Belt and Road economic corridors", Myanmar Times, 03 Aug 2017

Overview of CICPC



Source: Hong Kong Trade Development Council (HKTDC)

China-Myanmar Economic Corridor (CMEC)

The CMEC will include four key cities in Myanmar namely, Yangon, Mandalay, Kyaukphegy and Muse. It will drive deeper integration and connectivity between these cities, boost the trade within the region and also support several infrastructure developments along the corridors. Some of the new projects have positioned themselves as part of this new CMEC such as the New Yangon City, Myotha Industrial Park and Muse Central Business District projects.

In addition to these infrastructure developments, the CMEC is also expected to promote growth in the tourism, healthcare and education sectors. It has been reported that a formal MOU signing is expected towards the end of 2018.

China-Indochina Peninsula Corridor (CICPC)

The CICPC connects major cities within ASEAN countries in the Indochina region. Several projects have been identified under the CICPC and Myanmar's involvement includes the following:

- Southern sub-corridor linking Dawei, Myanmar with Bangkok, Thailand;
- East-West sub-corridor connecting Kawkareik in Kayin State, Myanmar with Mae Sot, Thailand and all the way to Hue, Vietnam;
- Western sub-corridor covering Myanmar's commercial and political capital, Yangon to the country's capital, Nay Pyi Taw; and
- Eastern sub-corridor connecting Mandalay and Muse in Myanmar with Kunming, China.



3.3 Special Economic Zones (SEZs)

The Myanmar government's Development Plan commits to the active promotion of foreign investment via an SEZ strategy, capitalising on Myanmar's strategic location to set up low-cost production bases for export destinations within the region. The SEZ strategy aims to create new opportunities for employment and skills development in clusters around the SEZs with enhanced trade flow and infrastructure development. Primary attractions of the SEZs include incentives such as:

- a five to seven year corporate tax holiday, depending on the zone;
- 50% relief on income tax for the second five years; and
- possibility for investors to lease land up to 75 years, i.e., 50 years +25 years.

There are free zones and promotion zones planned in each SEZ with incentives listed as below:

Free Zones (Intended to be an export oriented market)	Promotion Zone (Intended to be a domestic market)
Seven year income tax holiday	Five year income tax holiday
50% income tax relief for second five year period after seven years	50% income tax relief for second five year period after 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	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.
Exemption from commercial tax or VAT, customs duties and other relevant taxation on imports of raw material, machinery, equipment and certain types of good	For the first five years, exemptions from customs duties and other relevant taxation regarding to the machinery and equipment imported which are required for construction, followed by 50% relief of custom duty and other taxes for a further five years
50 year land leases with a possible term extension of 25 years	

Source: Information as of 23 July 2018 by the DICA, Ministry of National Planning and Economic Development, Myanmar.

There are three key SEZs under development in Myanmar as mentioned in Section 2.6 – Dawei, Thilawa and Kyaukphyu. The SEZs include industries that manufacture high-tech products, agriculture based industries, and livestock and fishery based industries.

In August 2016, President U Htin Kyaw formed the new SEZ Central Management Committee and Central Working Committee. The government of Myanmar designated individual SEZ management committees for each SEZ. Each SEZ Management Committee formed a 'One-Stop Service' centre which provides

investors with all necessary administration services and support, and is expected to be the only governing authority that investors will have to work with. This structure is designed to ensure sustainable, consistent implementation and operation of the respective SEZ.

In May 2018, the Deputy Minister of the Ministry of Planning and Finance, U Set Aung, was appointed as the chairman of The Kyaukphyu SEZ management committee. He is also the current chairman of the Thilawa SEZ management committee, which has developed relatively successfully.

Dawei SEZ (Southern coast of the Taninthayri Division)

In 2008, the government of Myanmar signed an MoU with the government of Thailand to develop a 20,000-hectare SEZ, with Italian-Thai Co. In 2013, the developer, Italian-Thai Co lost the concession due to a lack of financing and subsequent lack of progress. In 2015, the Japanese government agreed to be a part of the development and provide technical and financial assistance with the Thai government undertaking the development of basic infrastructure including development of a port and a telecom network in the initial phase of construction.

JICA commenced development of the full phase master plan consisting of three phases: 3 periods, between now and 2030, 2030-2040 and 2040-2050. This plan should be published in 2018. In March 2018, the Union Parliament approved a 4.5 billion baht (approx. USD144.54 million) loan from Thailand to build a 156km two-lane road linking Dawei SEZ and the Thai border.

In July 2018, the chairman of Dawei SEZ body said that the long-suspended project would restart in October 2018. The initial stage of the new project includes a heavy construction project, industrial zones and port construction. The initial stage is expected to be jointly facilitated by both the private sector and public businesses from Thailand, Myanmar and Japan⁶⁶.

Kyaukphyu SEZ (Central western coast on Ramree Island)

Kyaukphyu is uniquely positioned to serve as a trade corridor connecting three economies – China, India and ASEAN. In December 2015, the CITIC Consortium was awarded the concessions to develop a deep sea port and Industrial Park in Kyaukphyu SEZ.

The deep sea port, with the designed capacity of 7.8 million tonnes of bulk cargo and 4.9 million TEU containers p.a., occupies 1,700 hectares of land. Phase 1 of the project will be around 1,000 hectares of industrial park. The government is committed to invest in the surrounding infrastructure including energy, telecommunication, water and road upgrades. The port facility will be developed over a period of 20 years.

In early 2018, the central SEZ body agreed to the shareholding whereby the CITIC led consortium will take a 70% stake in the project and the remaining equity will be split between the Myanmar Government and private local companies. In July 2018, the newly appointed chairman, U Set Aung mentioned to media that Myanmar will endeavour to self-finance its obligations for the project rather than take a loan from China. Moreover, the negotiation between Myanmar and the Chinese consortium is ongoing, with details yet to be announced⁶⁷.

66 "Clashing with the law, SEZ body to resurrect Dawei megaproject", Myanmar Times, 13 July 2018

67 "Deputy Finance Minister Named New Chair of Kyaukphyu SEZ", The Irrawaddy, 14 July 2018

Thilawa SEZ (Southern Yangon region)

Thilawa SEZ is the first international standard SEZ in Myanmar, located 23 km Southeast of Yangon. The SEZ is being developed by Myanmar Japan Thilawa Development Limited (MJTD), a joint venture between shareholders from Myanmar and Japan – under a PPP type structure that was signed in October 2013. The shareholders of the concession company created to develop the 2,400 hectare site comprise Marubeni, Mitsubishi, Sumitomo, three Japanese banks and JICA (49%), the Government of Myanmar (10%) and local enterprises (41%).

The targeted industries to be established in the SEZ are: lighting, transportation and logistics, financial, medical and insurance, and commercial.

Thilawa SEZ Zone-A opened in September 2015. In February 2017, the commencement ceremony for Phase 1 of Zone B with 101 hectares of land was held. Phase 1 of Zone B is expected to be completed by mid-2018. Corporates from 17 countries have invested in Thilawa SEZ – Singapore topped the list of foreign investors with a USD503 million investment (this includes Japanese and other foreign companies that invest via Singapore intermediate holding companies), followed by Japan with USD425 million⁶⁸.

3.4 Conclusion

2018 has seen the Myanmar union and regional governments make significant effort to develop infrastructure in Myanmar.

Multiple initiatives have been started and implemented by various ministries to cover sectors including power, transport, industrial zones, urban infrastructure and new town developments. Mega projects have been announced and committed to by the authorities. Historically under-invested sectors, such as waterway transport, started to receive more attention from the Government who recognize the benefit of this transport mode, as part of an integrated transport plan.

Furthermore, Myanmar has benefited from regional initiatives such as China's Belt & Road Initiative, and with assistance from international development aid agencies such as the World Bank, JICA and ADB, Myanmar is more ready than ever to attract investment into its infrastructure program. However, the road ahead remains challenging and there are still many hurdles to overcome in term of regulatory framework, financial services, land and investment policy protecting foreign investors' interest and investment.

With the relevant ministries and international development aid agencies working together to enact new regulations to regulate the infrastructure landscape, as well as efforts to rehabilitate aging assets, Myanmar can look forward to a more sustainable infrastructure program, that will result in better infrastructure, and better connectivity across Myanmar and into neighboring markets. This will in turn allow for improved trade and economic growth.

⁶⁸ "Zone-B of Thilawa SEZ project in high demand", Eleven Media, 18 July 2018



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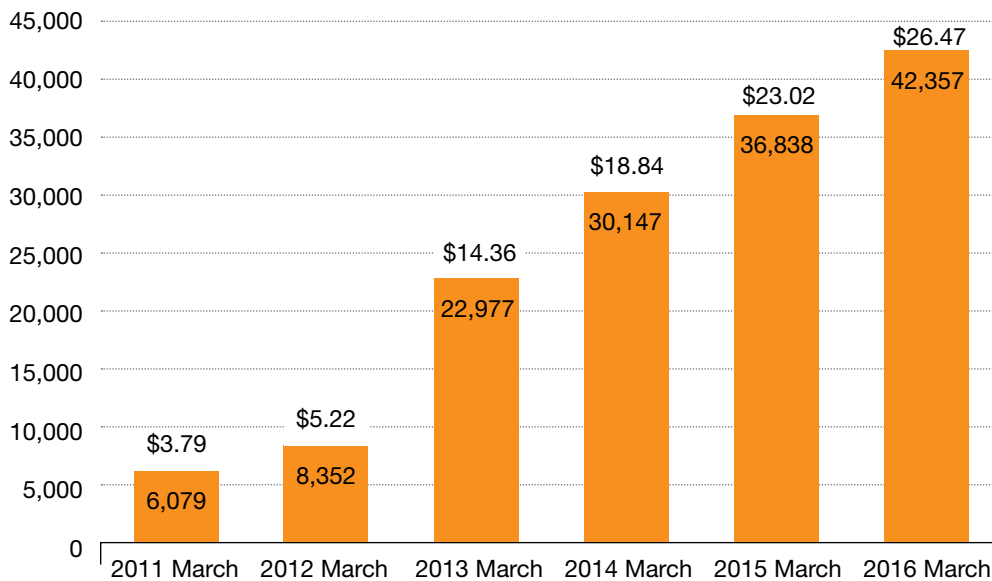
Financial Services

4.1 Overview

The Financial Services sector of Myanmar is made up of the Central Bank of Myanmar (CBM), the Ministry of Planning and Finance (MOPF), state owned banks, private banks, finance companies, foreign bank branches and representative offices of foreign banks. It also includes the Yangon Stock Exchange (YSX), the Securities Exchange Commission of Myanmar (SECM), as well as securities and insurance companies.

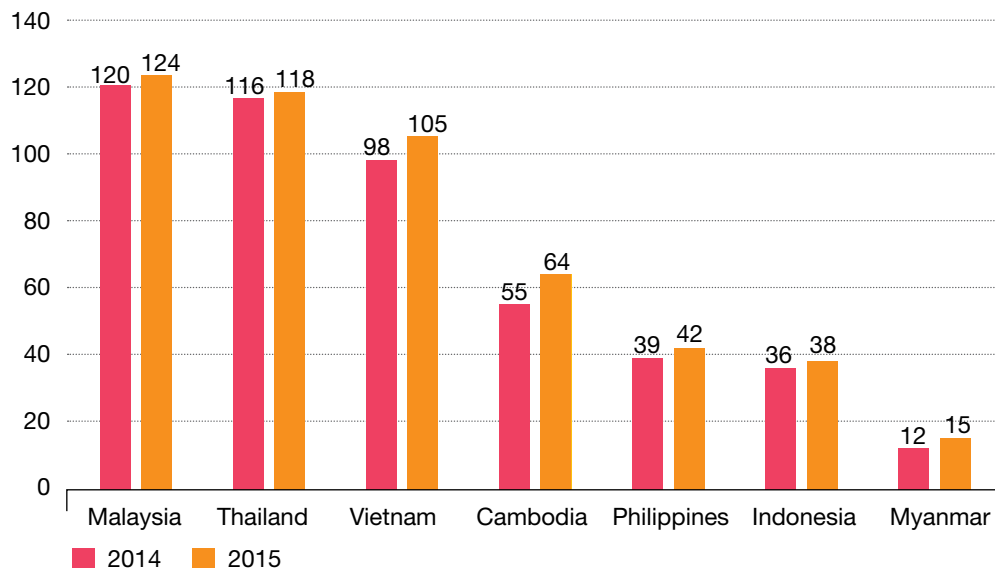
Since 2011, Myanmar's Banking sector has been growing and expanding quickly in tandem with the economic growth.

Total Assets of the Myanmar Banking Sector (MMK billion)



Source: Myanmar's Financial Sector: A Challenging Environment for Banks (3rd Edition) 2016
- Internationale Zusammenarbeit (GIZ) GmbH

Domestic Credit as % of GDP for Southeast Asian Countries



Source: Myanmar's Financial Sector: A Challenging Environment for Banks (3rd Edition) 2016
- Internationale Zusammenarbeit (GIZ) GmbH

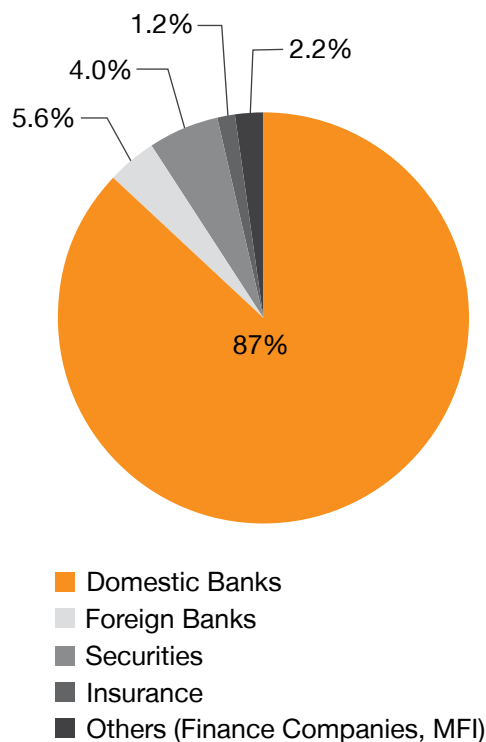
However, the sector is not growing fast enough when compared with the country's GDP, its vast infrastructure financing requirements, the needs of the numerous Small and Medium Enterprises (SME) and consumer. The extent of domestic credit to the private sector as a percentage of GDP is the lowest in Southeast Asia. This is in part due to decades of political turmoil and economic isolation, and partly a result of the stringent collateral requirements and prudential regulations imposed by CBM which severely limit lenders' ability to extend credit.

In recent years, 13 international banks have re-entered Myanmar under a new licensing regime, a few have also formed partnerships with local lenders (e.g. CB Bank with The Bank of Tokyo Mitsubishi UFJ, KBZ with Sumitomo Mitsui Banking Corporation,

AYA with Mizuho) and are increasingly free to compete for business. The authorities have removed state-owned bank monopolies on certain activities, such as providing trade financing and dealing in foreign currency, and tried to level the playing field.

The larger domestic banks have undergone digital and technological transformations, installing and updating core banking systems, digitising operations and expanding mobile services. Credit and debit cards have reappeared after a 15 year absence, and the bigger banks are beginning to offer a wider range of consumer and SME lending products. Domestic banks are moving towards more strategic, less capital intense, digital and agent banking routes. This results in the previous observation about the significant growth in deposits in all major banks.

% of total assets managed by the Financial Sector



Source: Myanmar's Financial Sector: A Challenging Environment for Banks (3rd Edition) 2016 - Internationale Zusammenarbeit (GIZ) GmbH

The following are some of the significant developments that have taken place in the financial sector recently:

- **Jul 2017** – With the help of the IMF, CBM issued four new prudential regulations under the new Financial Institutions Law on capital and liquidity requirements. Two more directives on overdraft loans were issued in November and December to extend the deadline on recalling overdraft loans.
- **Sep 2017** – CBM issued a mobile financial services license to mobile money company, OK Dollar, after one year of operation, although they do not meet the minimum requirements set out by the Mobile Financial Services regulations.
- **Dec 2017** – Five specialist banks were approved for targeted lending to sector-specific businesses. This allows certain businesses to have a better chance of receiving loans and expanding operations.
- **Feb 2018** – Seven foreign banks were allowed to provide export financing services.
- **May 2018** – Myanmar Credit Bureau Limited received a licence from CBM, becoming the first credit agency in the country.
- **Jun 2018** – U Soe Win was appointed as Union Minister of Planning and Finance.
- **Jul 2018** – Current CBM Governor U Kyaw Kyaw Maung's term was extended for an additional five years.
- **Aug 2018** – The Myanmar Kyat hit a record low of MMK1,427 per USD.
- **Aug 2018** – All 13 foreign banks were permitted to provide import financing services.



4.2 Regulatory landscape

The Financial Institutions Law (FIL), issued in 2016, is the primary legislative document that governs the Financial Services sector, particularly the banking industry. The regulatory framework starts to take shape as four new prudential regulations under the FIL are issued in July 2017. These regulations state that financial institutions must comply with the following:

- Capital requirement of MMK20 billion (equivalent of USD16 million)
- Maintain a Capital Adequacy Ratio (CAR) of 8%
- Minimum Liquidity Ratio of 20% with weekly reporting of figures
- Limit of lending exposure to a single counterparty at 20% of capital and reserves
- Loans to be classified as non-performing earlier

The issuance of these regulations caused commotion within the industry due to the tight implementation deadline of six months and strict definition of non-performing loans. The deadlines to comply with loan classifications were moved back twice, in November 2017 and again in December 2017 at the requests of the banks. The latest deadline for compliance is 2020, the exact month has not been fixed. It is widely acknowledged that the implementation deadline for these prudential changes were too short, especially changes with such significance. As of now, the government has yet to produce a regulatory roadmap to inform and prepare the industry for the roll out of future laws and regulations.

The CBM continues to keep a tight restriction on interest rates, loans, and capital requirements. There remains a strict spread limit with minimum deposit rates at 8% and maximum loan rates of 13%. The new capital requirement of MMK20 billion could result in some of the smaller banks deciding to merge or possibly consider large foreign investments, once CBM relaxes regulations on foreign participation in the sector. Deregulation could also allow lenders to take more risks and possibly make larger profits. Despite the current conservative regulatory approach, the CBM is increasingly starting to have open dialogues with industry players.

The establishment of a Credit Bureau was a long awaited milestone. In May 2018, Myanmar Credit Bureau Limited was officially given a license and became the first credit agency in the country. The company is 60% owned by 23 local banks, and 40% owned by Singapore's Asian Credit Bureau Holdings. The purpose of the credit bureau is to collect accurate loan payment histories on individual and corporate borrowers in order to assign creditworthiness ratings; and to distribute the profiles to lenders such as banks and other non-bank financial institutions. The bureau is set to be operational within a year, however experts predict that challenges to data collection could result in an extended wait time for the credit bureau to begin facilitating financial inclusion through making credit more available.



4.3 Banking

Private Banks

There are 24 private banks in Myanmar, of which three – Kanbawza Bank, Ayeyarwaddy Bank and Co-Operative Bank – lead the industry, accounting for 58% of total private bank assets, 64% of loans, and 66% of deposits.

Branch and ATMs of Top 10 Banks in Myanmar

SN	Name of Bank	Assets in MMK	No. of branches	No. of ATMs
1	Kanbawza Bank	8.6 trillion	510	1012
2	Ayeyarwaddy Bank	4.1 trillion	241	650
3	Co-operative Bank	2.7 trillion	214	658
4	Yoma Bank	2.1 trillion	76	5
5	Myawaddy Bank	1.53 trillion	58	55
6	Myanmar Apex Bank	1.19 trillion	94	196
7	United Amara Bank	781 billion	77	129
8	Global Treasure Bank	663 billion	156	0
9	Asia Green Development Bank	448 billion	78	150
10	Myanmar Oriental Bank	320 billion	40	23

Source: Myanmar Financial Services Brief, Issue 14, 1 August 2018, FMR Research & Advisory



Due to the tight restrictions on lending, private banks are competing by means of their service provision and physical presence in the market⁶⁹. As such, the number of bank branches in Myanmar has massively grown over 200% to 1,764 branches in August 2018, compared to 678 in 2014. To keep up with this expansion and prepare for further growth, banks are digitalising their current banking systems. Within the last two years, private banks have announced that they will be implementing modern core banking systems using international software providers such as the Infosys Finacle system, Fusion Banking Essence from Finastra (formerly Misys), Temenos T24 and Oracle Flexcube. The large investments in core banking systems not only improves operational efficiency, it also allows banks to prepare themselves for when they can expand their product offerings.



“On the whole, Myanmar has made great strides in the last seven years and the transformation has been both incredible and commendable. The government is decidedly pro-business and open to foreign investments. Few developing countries have made as many bold changes to open up its economy as Myanmar.”



A strong core system would also allow easier integration of the bank's other business platforms such as insurance, Micro Finance Institutions (MFIs) and mobile money platforms.

With the implementation of the national payment switch, Myanmar Payment Union (MPU), and the entry of Visa and Mastercard into the market, the number of credit and debit card issuance has also increased. However, only approximately 20% of Myanmar's population has a bank account and a mere 2% of them have debit or credit cards. The usage of debit cards to purchase goods and services remains low and cash is still the primary payment mode. The majority of card users only use their debit cards to withdraw cash from the ATM.

In the past year, banks are focusing their efforts on rolling out mobile banking and mobile money products which includes deploying agents that could possibly serve as loan brokers and mini-bank operators. These agents provide basic banking services such as opening a bank account, applying for credit/debit cards, and transferring money. As banks venture into micro-finance and SME lending, they could also depend on their agent networks to distribute loans and collect interest and repayments. These initiatives are aligned with the trend of creating a financially inclusive digital ecosystem that would provide the unbanked population access to financial services.

Access to credit remains a challenge, with majority of the population borrowing money from informal lenders such as friends and family, informal community lenders, and pawn shops, who charge exorbitant interest rates of at least 30%⁷⁰. This is due to inaccessibility of formal lenders such as banks and MFIs. Lack of financing for SMEs remains a key issue as banks continue to only primarily accept property as collateral, even though the list of acceptable collateral has expanded to include gold, jewelry, bank deposit, shares, and even agricultural produce. However, several lenders in the private sector are starting to open SME centers that concentrate on building credit risk appraisal and lending programs that are specifically for SME lending.

69 Myanmar's Financial Sector A Challenging Environment for Banks, 2016, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
70 "Why Asia's fintech innovators should look at Myanmar", August 2018, The Straits Times

Foreign Banks

There are 13 foreign banks who have been granted approval to commence banking operations in Myanmar. Currently, foreign banks can only lend to foreign or local-foreign joint venture firms and other local banks. They are still barred from conducting retail banking operations. The strict license terms also restricts operations to just one branch per bank and the banks are required to have a minimum paid capital of USD75 million, compared to the USD16 million for domestic banks.

In February 2018, seven of the foreign banks were approved to provide export financing services to local exporters. This decision was prompted when the CBM received complaints from the import and export community that the local banks were only able to offer trade finance in small amounts and some were unable to offer letters of credits.

Along with this approval, loans taken from foreign banks has been slowly on the rise, however, there are two factors that could keep this growth rate low. One being that foreign businesses in Myanmar are still at their early stages of growth and therefore, are not looking for large amounts of funding. Secondly, foreign banks are having difficulty conducting due diligence on local exporters due to their lack of proper documentation and financial record keeping which do not match the standards set out by the foreign banks⁷¹.

The operations of foreign banks were further liberalised in August 2018 when CBM approved all 13 foreign banks to provide import financing. With the ability to provide the full suite of trade financing services, foreign banks will facilitate trade and help maintain the price stability in imported products⁷².

List of foreign bank branches

SN	Name of Bank	Date Licence Granted	Date of business Commencement
1	The Bank of Tokyo-Mitsubishi UFJ, Ltd	02/04/2015	22/04/2015
2	Oversea-Chinese Banking Corporation Ltd	02/04/2015	23/04/2015
3	Sumitomo Mitsui Banking Corporation	02/04/2015	23/04/2015
4	United Overseas Bank Limited	30/04/2015	04/05/2015
5	Bangkok Bank Public Company Limited	26/05/2015	02/06/2015
6	Industrial and Commercial Bank of China	26/05/2015	01/07/2015
7	Malayan Banking Berhad (Maybank)	27/07/2015	03/08/2015
8	Mizuho Bank Limited	27/07/2015	03/08/2015
9	Australia and New Zeland Banking Group Limited	29/09/2015	02/10/2015
10	The Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV)	30/06/2016	01/07/2016
11	Shinhan Bank	15/09/2016	20/09/2016
12	E.Sun Commercial Bank Limited	27/09/2016	03/10/2016
13	State Bank of India	27/09/2016	03/10/2016

Source: Central Bank of Myanmar

⁷¹ Myanmar Financial Services Report, 2018, Frontier Myanmar

⁷² "Myanmar to allow 13 foreign banks to offer import financing services", August 2018, Asian Banking and Finance

State-owned banks

The four state-owned banks have been struggling to keep up with the reforms and compete with their private counterparts since the liberalisation of the banking sector in 2011. This is reflected by the drop in their share of total banking assets from 67% in March 2013 to 46% in March 2016. Meanwhile, assets at private-sector banks climbed 27% to MMK23.3 trillion at the end of June 2016 from the same month a year earlier, according to data collated by the World Bank. In contrast, assets at state-owned lenders slid 14% to MMK16.5 trillion in the same period.

Although state-owned banks report to the CBM, they are regulated by MOPF's financial regulatory department. This means that they are not subject to the same strict regulations and requirements put on the private banks. A recent report published by the local Renaissance Institute and the Natural

Resource Governance Institute reveals that Myanmar Economic Bank (MEB) is holding trillions of Kyat in non-interest bearing accounts on behalf of State Owned Enterprises. An outdated revenue retention rule requires that these savings must be held in kyat and cannot be invested in international assets. Due to this, the state-owned enterprises have lost USD2 billion equivalent in purchasing power over the last 3 years⁷³. This is an example of how outdated rules could lead to unproductive usage of the state's funds.

The government understands that these banks need to undergo serious reform in order to compete effectively with the other lenders in the industry. The World Bank and Rabobank are working together with the State Owned Bank Reform Committee to conduct investigative assessment of the banks and provide them advisory support⁷⁴.

Branch and employees of state-owned banks

Name	Controlled by	Description	No. of branches	No. of employees
Myanmar Economic Bank	MOPF	Formerly the State Commercial Bank (SCB), which was established in 1954. The bank provides a wide range of commercial banking services across the country	350	9,000
Myanmar Agriculture Development Bank	MOPF	To promote agricultural, livestock and rural society economic enterprises including processing and production	230	2,500
Myanmar Investment and Commercial Bank	MOPF	Founded in 1990 and provides both domestic and international banking services	2	300
Myanmar Foreign Trade Bank	MOPF	Specialises in international banking operations	1	600
Total			573	12,400

73 "State-Owned Economic Enterprise Reform in Myanmar: The Case of Natural Resource Enterprises", January 2018, Renaissance Institute, National Resource Governance Institute

74 "Myanmar's state-owned enterprises show how much reform is still needed", August 2018, The Economist

Mobile Money

The regulation on Mobile Financial Services (MFS) issued by the CBM on 30 March 2016 widened the market to include non-banking financial institutions. By leveraging the high mobile penetration rate, mobile money companies are successfully targeting 80% of the Myanmar population that remains unbanked. There are two distinct types of MFS models – one is telco-led while the other is bank-led. However, outliers exist such as OK Dollar which is neither.

Under the MFS regulation, mobile money providers are allowed to offer cash-in/cash-out services, money transfers between MFS accounts, domestic payments between individuals, and B2C, B2B, and G2C payments. Their main focus now is on expanding their agent networks to provide more coverage and develop effective and efficient cash distribution processes to ensure their agent networks remain liquid.

Currently, there are three companies with MFS license:

1. WaveMoney – a joint-venture between Telenor and Yoma Bank,
2. OK Dollar – local MFS with no ties to a telecom operator or bank, and
3. M-PiteSan – an Ooredoo and CB Bank venture.

The most popular service, Wave Money, covers over 85% of townships in Myanmar and within two years has grown its agent network to 28,000 agents. This level of coverage is very comprehensive compared to the size of the bank branch network of a mere 1764 branches. Myanma Posts and Telecommunications (MPT) is also preparing to launch its own mobile money service called MPT Mobile Money by 2018.

As digital literacy improves and Myanmar becomes less cash dependent, customers will increasingly move away from over-the-counter services towards using their mobile phones as digital wallets and paying for goods and services through their phones.

Partners of Mobile Money

Name	Telecom Partner	Telecom and Bank Partner
Wave Money	Telenor	Yoma Bank
OK Dollar	–	–
M-Pite San	Ooredoo	CB Bank
Ongo Mobile Money	–	MOB Bank
True Money	–	AGD
MyKyat	–	First Private Bank Ltd.
Myanmar Mobile Money	–	Innwa Bank
663 Mobile Money	–	MCB



4.4 Capital Markets

Stock market

Yangon Stock Exchange (YSX) is regulated by The Securities and Exchange Commission of Myanmar (SECM), chaired by the Deputy Minister of Planning and Finance and assisted by five other committee members. It is owned by Yangon Stock Exchange Joint Venture Co. Ltd, a joint venture between Myanmar Economic Bank (51%), Daiwa Institute of Research (30.25%) and Japan Exchange Group (18.75%), with a paid up capital of MMK32 billion (USD24.6 million).

Since the launch of YSX in December 2015, only five companies have been listed (see table below). As of June 2018, trading value stood at MMK666 million (USD494,000), the lowest since the commencement of share trading in March 2016. Currently, the average daily trading volume has also fallen to around 10,000 shares.

To trade on the YSX, an investor must go to the market or speak with one of six authorised brokers. Trades of more than USD8,000 need to be reported and approved by the SECM. The listed companies will have to work towards enhancing transparency and corporate governance to instill trust in their companies and attract more investment.

The Myanmar Investment Law and the full enforcement of the Myanmar Companies Act in August 2018 were expected to boost volume in the YSX as foreign investors will be allowed to trade on the YSX and more Myanmar and foreign joint venture companies will be able to list. The SECM has also taken steps towards simplifying the listing process and expediting it in order to encourage more companies to consider listing on the YSX.

Listed companies on the YSX

Listing Date	Company
25 March 2016	First Myanmar Investment Co., Ltd.
20 May 2016	Myanmar Thilawa SEZ Holdings Public Ltd.
26 August 2016	Myanmar Citizens Bank Ltd.
20 January 2017	First Private Bank Ltd.
26 January 2018	TMH Telecom Public., Ltd

Securities companies

In order to facilitate listing and stock trading, SECM issued 10 provisional licenses during 2015 and six of these 10 companies were subsequently awarded underwriting licenses by SECM in 2016. All six security brokers had created mobile trading platforms for their clients but this initiative was banned by the government as they believed it was important for investors to be educated face to face before they started trading.

List of provisional licenses issued by SECM in 2015

SN	Name	Shareholder
1	KBZ Stirling Coleman Securities	KBZ Group and Stirling Coleman Capital (SG)
2	Myanmar Securities Exchange Centre	Daiwa Securities (JP) and Myanmar Economic Bank
3	AYA Trust Securities Company	AYA Financial Group
4	CB Bank Securities	CB Bank
5	KTZ Ruby Hill Securities	Loi Heing Group and KT ZIMCO (TH)
6	Amara Investment Securities	United Amara Bank
7	Global World Securities	Asia World
8	Expert Investment Securities	Green Circle Company and Pins Capital (HK)
9	Aung Myint Mo Min Securities	Innwa Bank
10	Union Trust Securities	Young Investment Group

List of licensed underwriting security firms

Licensed Securities Firms

KBZ Stirling Coleman Securities

Myanmar Securities Exchange Centre

AYA Trust Securities

CB Securities

KTZ Ruby Hill Securities

Amara Investment Securities

Bond market

The CBM has been issuing three and five year treasury bonds since 1993 and two year treasury bonds since 2010 with interest rates set by the Ministry of Planning and Finance. An electronic auction system was introduced in 2016, where local banks were permitted to directly purchase treasury bonds, however the interest rates are still set by the government, rather than by market demand⁷⁵. Currently, there is no secondary market for government bonds or bills, this will require secondary market trading regulations from the SECM and an electronic trading infrastructure.

⁷⁵ Myanmar Financial Services Report, 2018, Frontier Myanmar

4.5 Insurance

There are currently 12 private insurance firms with licenses to operate, three with life insurance licenses and the other nine with composite licenses covering both general and life. Although the state-owned Myanmar Insurance had relinquished its monopoly back in 2013, they still dominate the market with 29 types of insurance products and a monopoly on 14 of them. The private insurers are restricted from offering certain types of insurance and most have a maximum of 12 product offerings. According to the CBM, total gross written premiums (GWP) amounted to approximately MMK33.9 billion (USD21.9 million)⁷⁶ in the first quarter of 2017, with Myanmar Insurance accounting for 45.5% of the total.

Private insurers are required to provide the same policies at the same prices which means that they are only able to compete through customer service and coverage. Some challenges faced are unfamiliarity with insurance, lack of distribution channels, and low interest in the types of products that are offered. Currently, the biggest contributors to premium income are fire, travel and motor insurance, and reinsurance for other private insurance companies.

Out of the 21 foreign insurance companies that have opened representative offices in Myanmar, only three - Sompo Japan Nipponkoa Insurance Inc, Mitsui Sumitomo Insurance Co. Ltd and Tokio Marine & Nichido Fire Insurance Co. Ltd, are allowed to operate specifically in the Thilawa SEZ. These firms are allowed to offer liability insurance, fire, life and vehicle insurance within the SEZ. Foreign insurers operating in the SEZ must show at least USD1 billion in capital funding for their global operations. Other requirements for foreign insurers include having to apply to the Insurance Business Supervisory Board (IBSB) for a license, pay a USD30,000 license fee and a USD10,000 extension fee.

The Myanmar insurance market holds enormous potential as total insurance penetration is only at 0.07% of GDP. The key drivers of insurance growth include a growing population, accelerated economic development, rising personal incomes, and a progressively better understanding of risks. These drivers combined with the liberalisation of the insurance industry could lead to a higher level of penetration. Aon Inpoint predicts that with GDP growing at 6% every year, Myanmar's insurance market could potentially reach USD2 billion by 2030⁷⁷.

List of licensed insurance companies

No.	Type	Licensed insurance company	Parent company
1		Aung Thitsar Oo Insurance Co., Ltd	Union of Myanmar Economic Holdings Ltd.
2		Ayeyar Myanmar Insurance Co., Ltd.	Max Myanmar Group of Companies
3		Excellent Fortune Insurance Co., Ltd	Excellent Fortune Development Group Co., Ltd.
4	General and Life Insurance	First National Insurance Public Co., Ltd.	Htoo Trading
5		Grand Guardian Insurance Public Co., Ltd.	Shwe Taung Group
6		Global World Insurance Co., Ltd.	Asia World
7		I.K.B.Z Insurance (Public) Co., Ltd.	KBZ Group
8		Pillar of Truth Insurance Co., Ltd.	Parami Energy
9		Young Insurance Global Co., Ltd	Young Investment Group
10		Aung Myint Moh Min Insurance Co., Ltd.	Myanmar Economic Holding
11	Life	Capital Life Insurance Co., Ltd	Capital Diamond Star Group
12		Citizen Business Insurance Public Ltd.	CB Bank

Source: "Myanmar to open up insurance market to foreign investors", August 2017, VDB Loi

⁷⁶ "Myanmar insurance industry poised for reform, awaits liberalisation", April 2018, MyanmarTimes

⁷⁷ "The Last Frontier – Myanmar's Insurance Market", April 2017, Aon Inpoint

4.6 Micro Finance Institutions (MFI)

MOPF regulates and supervises the microfinance industry through its Financial Regulatory Department. Currently, there are 176 MFIs in Myanmar, with capital totalling USD420 million available to 2.7 million people, according to the IMF. The MFI market is dominated by Pact Global Microfinance Fund, which accounts for around one third of the country's total microfinance loan portfolio⁷⁸. There are two types of MFI licenses:

1. Deposit-taking institutions - full financial intermediary institutions utilising deposits from its clients to finance lending operations. Minimum paid up capital requirement is USD24,000
2. Non-deposit-taking institutions - provide loans from their own funds and operate like a bank. Minimum paid up capital requirement is USD12,000

MFIs receive a one-year temporary license, which is converted into a full license after a regulatory review. They are subject to a maximum loan size of MMK10 million (USD6,488) and are not allowed to accept collateral. Moreover, foreigners are allowed to own 100% of a MFI.

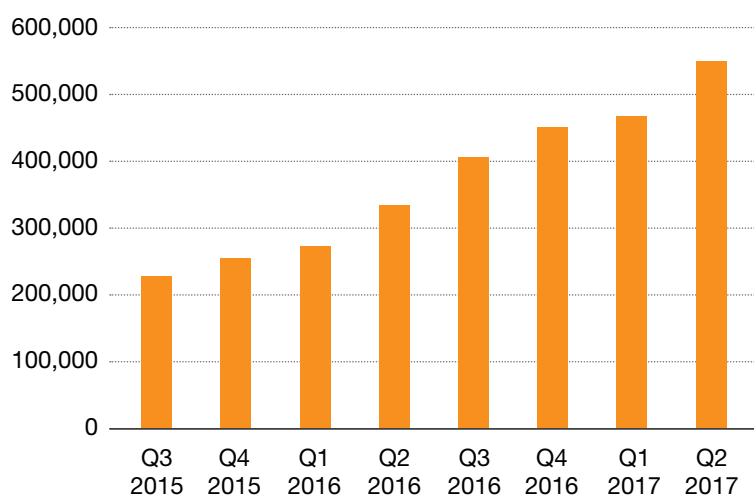
MFIs continue to face challenges accessing capital, which affects local MFIs more than their international counterparts. With a lending cap of 13% and given the high risk nature of MFIs' borrowers who are mainly micro businesses and farmers, domestic banks are

reluctant to lend to MFIs. Their lack of interest is also due to their unfamiliarity with how to assess a MFI and the fact that MFIs normally have high operational costs, especially the ones that operate in the most rural areas⁷⁹. However, some banks are starting to be more comfortable with the concept of unsecured lending. In April 2018, Yoma Bank and Maha Agriculture Public Co, a local MFI, announced a USD2.6 million funding agreement to support the MFIs lending activities. Foreign banks operating in Myanmar, such as Maybank and Mizuho, have also made kyat loans to MFIs.

Another challenge surfacing is the saturation of the microfinance market. MFIs are targeting the same areas, mainly Yangon, Mandalay, Bago and Ayeyarwaddy with fewer of them focusing on rural areas where microfinancing is needed the most. New and inexperienced MFIs with lax credit assessment procedures are poaching customers from other MFIs with more stringent credit screening systems⁸⁰.

With better access to credit worthiness data, MFIs will be able to efficiently provide financing to the individuals that require it the most. Sharing data between MFIs could also be beneficial so that they can better determine which individuals have taken loans from other MFIs. MFIs could also leverage mobile technologies to disburse funds, which will lessen operational costs while allowing them to extend their services to rural areas⁸¹.

Total outstanding MFI loans



Source:CBM

78 Myanmar Financial Services Report, 2018, Frontier Myanmar

79 Myanmar Financial Sector: Strategy and priorities for reform, December 2016, International Monetary Fund

80 Myanmar Financial Services Report, 2018, Frontier Myanmar

81. "IFC to boost support for microfinance in Myanmar", March 2018, The Nation

4. Financial Services

Number of MFIs by type

Nature	Number of head offices
International NGO	5
Local NGO	22
Local company	107
Foreign company	39
JV	3
Total	176

Key growth indicators for top three largest banks, 2016-17



Source: FMR Research. Figures in Ks trillion and refer to aggregates of KBZ, AYA and CB Bank.



5.

Taxation

5.1 Corporate income tax

Residency

Company residency is governed by Myanmar laws. These include the Myanmar Companies Law (MCL) 2018 (replacing Companies Act 1914 effective 1 August 2018), the Myanmar Investment Law (MIL) 2016 and Special Economic Zone Law (SEZ) 2014.

Non-resident companies are defined as companies that are not defined nor formed under the above-mentioned laws; these include organisations, such as branches of foreign companies.

Some of the key differences between companies registered under the MCL and the MIL/SEZ Law include their eligibility for tax incentives and longer land use terms.

Basis

A company is deemed a Myanmar resident company when it is defined and formed under the above mentioned laws. Myanmar resident companies are taxed on a worldwide basis. Non-resident companies are taxed only on income derived from sources within Myanmar. Income received from any capital assets within Myanmar and from any source of income within Myanmar is deemed to be income received within Myanmar.

Corporate tax rates

Type of taxpayer or income	Tax rate
Companies incorporated under MCL or Special Companies Act	25%
Enterprises operating under Myanmar Investment Law	25%
State-owned enterprises	25%
Non-resident foreign organisations such as a branch of a foreign company	25%
Companies listed on the Yangon Stock Exchange	20%
Capital gains tax (except for the sale, exchange or transfer of capital assets for companies engaged in upstream oil and gas activities (i.e. exploration, drilling and extraction) where the capital gains rates ranging from 40% to 50% will apply)	
• Resident companies	10%
• Non-resident companies	10%

Tax rates

The corporate tax rate is 25%. Capital gains tax rate is 10%, except for the sale, exchange or transfer of capital assets for companies engaged in upstream oil and gas activities (i.e. exploration, drilling and extraction) where the capital gains rates ranging from 40% to 50% will apply.

For newly established small and medium sized industrial enterprises, income tax is exempted up to the total annual net taxable income of MMK10 million during the initial three years, including the year of commencement. Income tax shall be assessed on income earned in excess of this amount.

Administration

Taxable period

The taxable period of a company is the same as its financial year (income year). The government has enacted the change of government fiscal year end from 31 March to 30 September. Under Union Taxation Law 2018-2019, state-owned enterprises are required to adopt the government fiscal year ending 30 September starting from 1 October 2018; and all other taxpayers other than state-owned enterprises are required to keep their financial year ending 31 March 2019 and will start adopting the government fiscal year ending 30 September only starting from 1 October 2019.

At this time, there are no guidelines issued by the Internal Revenue Department (“IRD”) addressing transition issues regarding the change of financial year-end starting from 1 October 2019 for private taxpayers.

Tax returns and assessment

Income tax

In general, income tax returns must be filed within three months from the end of the income year.

If a taxpayer discontinues his business, returns must be filed within one month from the date of discontinuance of business.

The failure of a taxpayer to file income tax returns, knowing that assessable income has been obtained, is deemed to be “fraudulent intention”.

Capital gains

Tax returns for capital gains must be filed within 30 days from the capital asset disposal date. The date of disposal is the date of execution of the deed of disposal or the date of delivery of the capital assets, whichever is earlier.



Payment of tax

Income tax

Advance corporate tax payments are made in quarterly instalments within ten days from the end of the relevant quarter throughout the income tax year based on the estimated total income for the year. Importation of goods into Myanmar is also subject to a 2% advance income tax, unless there is exemption granted. The advance payments and any taxes withheld are creditable against the final tax liability. The date for settling the final tax liability is specified in the notice of demand issued by the IRD.

Capital gains tax

Capital gains must be paid upon each transaction within 30 days of the capital asset disposal.

Tax audit process

Under the Income Tax Law (1974) (ITL), if it is found that there is a fraudulent intention to evade tax, the assessment or reassessment of income tax can be made at any time on the income that has escaped assessment of tax.

Failure by a taxpayer to file a return on income knowing that assessable income has been obtained, and failure to comply with the notice by the IRD to submit accounts and documents including the tax return and profit and loss accounts within the time prescribed, or submitting forged instruments and other documents, are included within the meaning of fraudulent intention.

If the tax authority, in the course of its investigation, finds that a taxpayer has concealed income or particulars relating to income, the taxpayer may be permitted to fully disclose the facts within a specified time. However, the taxpayer must pay a penalty equal to 100% of the tax increase on account of the concealment. If the taxpayer fails to disclose the particulars within the specified time or disclose less than the income concealed, the taxpayer will be subject to prosecution in addition to paying the tax and penalty. If he is found guilty, the taxpayer may be punishable with imprisonment of between three and ten years.

Statute of limitation

The statute of limitation to raise an assessment is three years after the financial year-end. It does not apply in cases of fraudulent intention. Mere filing of the income tax return and payment of advance tax in time does not constitute a final tax assessment.

Taxable profits

Income is categorised as income from a profession, business, property, capital gains, other sources and undisclosed sources. Income from capital gains is assessed separately.

Income from movable property is treated as business income. Interest income is also treated as business income, even if it is not derived from a business source.

Tax is levied on total income, after deduction of allowable expenditure and depreciation.

Myanmar has a one-tier corporate tax system, ie dividends received from an association of persons – including partnerships, joint ventures and companies – are exempted from tax.

Deductions

In respect of business income, deductions are allowed for expenditures incurred for the purpose of earning income, and depreciation allowance.

Non-deductible items include capital expenditure, personal expenditure, expenditure not commensurable with the volume of business, payments made to any member of an association of persons other than a company or a cooperative society, and inappropriate expenditure.

Technically, a tax paying entity is required to claim tax depreciation on the qualifying assets used for its business purposes based on rates prescribed under the ITL, using a prescribed tax depreciation claim form. A taxpayer is entitled to full year tax depreciation in the year the asset is acquired. On the other hand, no tax depreciation is allowed in the year the asset is disposed of.

Tax losses

Ordinary losses

Losses from any source may be set off against income accruing from any other sources in that year, except where the loss is from capital assets or a share of loss from an association of persons. Losses that are not fully deducted in a year can be carried forward and set off against profits in the next three consecutive years (Sec. 20 ITL).

Capital losses

Capital losses and a share of losses from an association of persons cannot be set off against income from other sources or carried forward.

Capital gains

Income tax is levied on gains from the sale, exchange or transfer of capital assets. Capital gains

means any profit from the sale or exchange of any capital asset.

For the purpose of income tax, “capital asset” means any land, building, vehicle and any capital assets of an enterprise, which include shares, bonds and similar instruments.

Capital gains from the sale, exchange or transfer of capital assets in the oil and gas sector for companies engaged in upstream oil and gas activities relating to exploration, drilling and extraction are taxed at different rates from those in other sectors.

Withholding tax

Any person making the following payments is required to withhold income tax at the time of payment at the rates mentioned below. The tax withheld is to be paid to the IRD within seven days from the date of withholding.

The withholding tax rates are set out in the table below.

Withholding tax rates (effective 1 July 2018)

	Resident national or foreigner payees (1)	Non-resident national or foreigner payees (2)
Interest payments	0%	15% (3)
Royalties for the use of licences, trademarks, patent rights, etc.	10%	15%
Payments by Union level organizations, Union Ministries, Naypyitaw Council, Regional or State Government, State-owned enterprises, Municipal organizations for purchase of goods, work performed and supply of services within the country under a tender or auction or quotation or contractor agreement or any other modes	2%	2.5%
Payments by the businesses which are performed in the form of joint venture with the government, the Partnership, joint venture, company, association of individuals, organisation or association which are registered and formed under any existing law, cooperative society and foreign companies, foreigner owned enterprises for purchase of goods, work performed and supply of services within the country under a contract or agreement or any other modes	0% (4)	2.5%

Notes:

- For resident national and resident foreigner, the withholding tax above shall be set off against tax due on the final assessment.
- For non-resident foreigner that does not have a registered branch in Myanmar, the above withholding tax from payment is a final tax. Some withholding tax rates may be reduced under the relevant tax treaties if certain conditions are met. For non-resident foreigner that is set up as a Myanmar registered branch, the withholding tax above shall be set off against tax due on final assessment.
- The withholding tax of 15% will not apply to the interest payment made to a Myanmar registered branch of a foreign company.
- The withholding tax rate was 2% prior to 1 July 2018.

Permanent establishment

Currently, there is no definition of a Permanent Establishment (PE) under ITL. Under current practice, the IRD seeks to collect taxes from a non-resident foreigner on his income received from Myanmar by way of a withholding tax mechanism, regardless of whether the foreigner has a PE in Myanmar or not.

The term “PE” may be defined in the tax treaties that Myanmar has with other countries. Subject to the relevant tax treaty and the agreement of the IRD, a foreigner who is tax resident of the treaty country may not be subject to Myanmar taxes if he does not have a PE in Myanmar.

Double tax agreements

The ITL provides that if the government enters into an agreement with any foreign or international organisation relating to income tax, and if the agreement is notified, the terms of the said agreement will be followed notwithstanding anything to the contrary contained in any other provisions of the ITL (Sec. 31 ITL).

Tax treaties have been concluded with India, Indonesia, Malaysia, Singapore, Korea (Rep.), Thailand, United Kingdom, Vietnam, Laos and Bangladesh. The tax treaties with Indonesia and Bangladesh have yet to be ratified.

Transfer pricing

There are currently no transfer pricing rules and group taxation regimes in Myanmar.

Thin capitalisation

Currently, there is no specific safe harbour with respect to debt- to-equity ratios in Myanmar for Myanmar tax purposes.

Controlled foreign company

There are currently no controlled foreign company rules in Myanmar.



5.2 Personal income tax

The taxation of income depends on the individual's residential status in Myanmar.

Under the ITL, resident nationals and resident foreigners are taxed on all income derived from sources within and outside Myanmar.

Non-resident foreigners are taxed only on income derived from sources within Myanmar.

Residence status

A person is a resident in Myanmar if the individual is "domiciled in" or has a "principal place of abode" in Myanmar. A non-resident Myanmar national refers to those who live and earn income from employment outside Myanmar for any period of the year.

Foreigners who reside in Myanmar for at least 183 days during an income year are considered resident foreigners.

Personal tax in Myanmar

Type of taxpayer or income	
Salaries (1) <ul style="list-style-type: none"> Resident foreigners Non-resident foreigners 	Progressive rates from 0% to 25% 0% to 25%
Other income <ul style="list-style-type: none"> Resident Nationals/ foreigners Non-resident foreigners Non-resident nationals (2) 	0% to 25% 25% 10%
Capital gains tax <ul style="list-style-type: none"> Resident Non-resident 	10% 10%
Rental income	10% (on gross)

Notes:

- No tax is payable if total income under salaries does not exceed MMK 4.8 million in a year.
- Non-resident nationals are exempted from income tax on their salary income earned outside Myanmar that is denominated in foreign currency.

Tax rates

Personal tax rates vary depending on the type of taxpayer and income.

Taxable income

Employment income

The definition of taxable employment income is broad and includes salary, wages, annuity, any fees, and commissions received in lieu of or in addition to any salary and wages.

There are allowances and allowable deductions for resident nationals or resident foreigners for costs related to employment income. A non-resident foreigner will not be entitled to claim those deductions.

Non-employment income

Taxable non-employment income includes:

- business income (e.g. income from moveable properties, royalties and interest)
- income from a profession. "Profession" means the rendering of a service with one's skill for fees, and includes services rendered by doctors, nurses, lawyers, engineers, architects, film stars, theatrical artists, writers, painters, sculptors, accountants, auditors, astrologers and teachers
- capital gains from the sale of capital assets
- other income from investments, except dividends received from an association of persons in Myanmar which are exempted from income tax

In the case of capital gain, no tax is liable if the sales proceed is not more than MMK10 million (approx USD6400).

Social security contributions

The Social Security Act 2012 requires an employer with more than five workers to provide Social Security Scheme benefits to his workers, such as general benefit insurance and insurance against employment-related injuries.

The rates of contribution by employees and employers are 2% and 3% of the total salary and wages respectively. However, at present, the maximum monthly contribution is limited to MMK9,000 (approx. USD6) by the employer and MMK6,000 (approx. USD4) by the employee.

Employee's contributions to the Social Security Scheme are deductible by the employee for his personal tax purposes. The employer is obligated to withhold the employees' contributions from their pay.

Administration

Taxable period

The taxable period of an individual is from 1 April to 31 March. Income earned during the financial year is assessed to tax in the assessment year, which is the year following the financial year. Starting from 1 October 2019, the income tax year will change to 30 September year end.

Tax returns and assessment

An employer is responsible for deducting income tax due from salaries at the time of payment to employees and must pay the amount to the IRD within seven days from the date of deduction. If the employer fails to deduct and pay the tax, the employer is deemed to be a defaulter and held responsible for such payment. In addition, the employer is also responsible for filing the statement of annual salary within three months after the end of the fiscal income year and failure to file within the stipulated deadline leads to a penalty of up to 10% being imposed at the discretion of the IRD on the amount of tax to be deducted on annual salaries.

Personal income tax returns must be filed within three months from the end of the fiscal income year after the end of the fiscal income year. However, individuals having only Myanmar employment income and are already fully subject to withholding by the employer are not obligated to file a personal tax return.

Tax returns for capital gains must be filed within 30 days from the date of disposal of the capital assets. If a taxpayer discontinues his business, returns must be filed within one month from the date of discontinuance of business.

Payment of tax

In cases of income earned where withholding tax provisions do not apply, advance tax payments are required to be made by the income recipient directly, in quarterly installments based on the estimated total income for the year within 10 days from the end of the quarter. The advance tax payments and any taxes withheld are creditable against the final tax liability. The date for settling the final tax liability is specified in the notice of demand by the IRD.

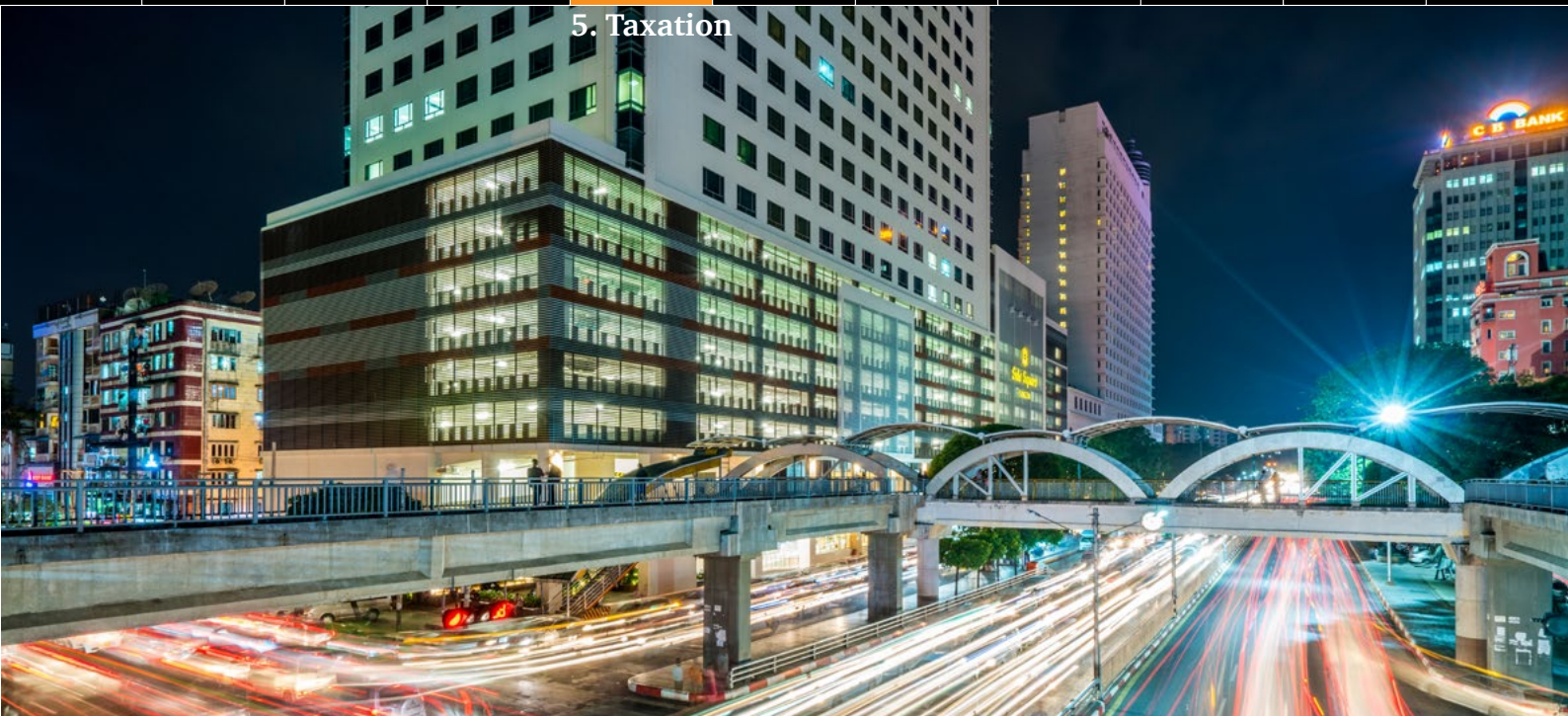
5.3 Commercial tax

There is no value added tax in Myanmar. Commercial tax is levied as a turnover tax on goods and services. The commercial tax is an additional tax upon certain commercial transactions, but it has not been expanded to the concept of a value-added tax. It applies only to the specific transactions listed in the Commercial Tax Law.

The tax is imposed on a wide range of goods and services produced or rendered within the country, based on the sales proceeds. The tax is also levied on imported goods, based on the landed cost, which is the sum of the cost, insurance and freight value and customs duties. Collection of these taxes is made at the point of entry and the time of clearance. Commercial tax is zero-rated on all exports, except electricity (8%) and crude oil (5%). Commercial tax ranges from 0% to 8%, depending on the nature of the goods and services described in the schedules appended to the Commercial Tax Law. Generally, the commercial tax rate is 5%.

Prior to 1 April 2016, the commercial tax rates ranged from 0% to 120%, where the higher tax rates applied to a list of specific goods (e.g. liquor, tobacco, gems etc.). With effect from 1 April 2016, the Specific Goods Tax Law 2016 was introduced and the list of specific goods is now subject to special goods tax ranging from 5% to 80% where the higher rates applies to liquor and tobacco products.

No commercial tax is imposed if the sale or receipts from services for a financial year were not more than MMK50 million (approx. USD32k).



The commercial tax that a business charges and collects can be regarded as output tax that has to be paid to the IRD. Businesses which are commercial tax registered can claim input tax if conditions for claiming are satisfied.

Companies which have obtained permits from the MIC and SEZ Committee may also, be granted exemption from commercial tax on the importation of certain goods during certain periods and goods that are manufactured for export.

5.4 Other taxes

Property tax

Immovable property (land and buildings) situated within the city development area is subject to property tax imposed by the city development committee to cover the cost of maintaining the city.

Stamp duty

Stamp duty is levied under the Myanmar Stamp Act 1891 on various types of instruments, and the rates are provided in Schedule 1 of the Act. Some rates are given below:

- 2% of the amount or value of the consideration for conveyances of properties, for the sale or transfer of immovable property except those in the Nay Pyi Taw, plus an additional 2% for a consideration equal to the market value of the property. Conveyance of immovable properties located in Yangon is subject to an additional duty of 2% pursuant to Yangon Development Trust Act 1921. Conveyance of immovable properties located in Nay Pyi Taw is subject to an additional duty of 2% pursuant to Nay Pyi Taw Development Law 2009.

- 0.1% of share value for the transfer of shares.
- 0.5% of the amount or value secured for bonds.
- 0.5% of the annual value of rent for immovable properties lease agreements between one and three years, and 2% of the average annual value of rent where the term of the lease agreement is more than three years. 2% stamp duty will also be applicable on lease premium.

Customs duty

Customs duty is levied under the Customs Tariff of Myanmar (2017) at rates ranging from 0% to 40%. Companies which have obtained permits from the MIC/SEZ Committee may, at the discretion of the MIC/SEZ Committee, be given relief from customs duty during certain stipulated periods.

Excise duty

Excise duty in the form of excise license fee is levied on alcoholic drinks. The duty is collected by the General Administration Department under the Ministry of Home Affairs.

Specific Goods Tax

Specific Goods Tax Law has been enacted and effective from 1 April 2016. Specific goods tax is imposed on the list of specific goods, including cigarettes, tobacco leaves, virgina leaf, cheroots, cigars, pipe tobacco, beers, wine, alcoholic beverages, gems stones, teak, vans, saloons, sedans and estate wagons and coupe cars above 1,500 cc (except double cab 4 door pick up), petroleum, gasoline, diesel and jet fuel as well as natural gas. The rates are ranging from 5% to 80%, where the higher rates applies to liquor and tobacco products.

6.

Human resources and employment law

6.1 Changes affecting human resources

Minimum wage

In May 2018, the Government set a new daily minimum wage of MMK4,800 per day (MMK600 per hour for an eight-hour day) which is applicable to enterprises across all sectors and industries. However, small businesses with less than 10 employees are excluded⁸². This is a 33% increase from the previous minimum wage of MMK3,600 per day in 2015.

Business visas

According to the notification relating to visas published by the Ministry of Labour, Immigration and Population in January 2016, foreigners can apply for a business visa that allows for multiple entries per year at a cost of USD600⁸³. This increases convenience for expatriates as they can now stay for 3, 6 or 12 months at a stretch, instead of just 70 days under the previous notification.

Foreigners who intend to stay in Myanmar on a long term basis, would still need to apply for a Foreigner's Registration Certificate and Long Term Stay Permit. In October 2017, DICA announced that all visa applications must be submitted at least three weeks before the expiry date of the relevant visa. Applications submitted after this deadline will not be accepted⁸⁴.

Public holidays

In 2016, there was a shift in public holidays in Myanmar. The holidays in April for the Thingyan Water Festival was reduced to five days and the holidays

for Thadingyut and Tazaungmone Full Moon Days in October and November respectively, have been extended to three days and two days⁸⁵, respectively. The total number of public holidays remains at 26, but the number of business days available in April has increased and this helps boost production and provide more business opportunities to SMEs.

6.2 Employment of foreigners

There is no restriction on the number of expatriate employees that can be hired by foreign companies registered under the MCL.

With the endorsement of MIC, a company must submit an application for work permits to the Directorate of Labour, under the Ministry of Labour, Employment and Social Security. Stay permits and visas are to be obtained from the Immigration and National Registration Department, which lies under the Ministry of Immigration and Population.

The foreign investor must enter into an employment contract with skilled citizen workers and technicians within 30 days of appointment, in accordance with the instruction from the Ministry of Labour, Employment and Social Security. The foreign investor must also ensure that there is a certain standardisation in the level of wages amongst Myanmar citizen staff and foreign staff.

An economic organization that runs its business in Myanmar with a government permit shall make arrangements for local and foreign training so as to ensure local personnel are proficient in their work and promotion to higher ranks of service.

82 Notification number 2/2018 for minimum wage, May 2018

83 Ministry of Labour, Immigration and Population

84 Announcement for Companies (stay permit and visa extension), October 2017

85 Ministry of Foreign Affairs

6.3 Work permit processing and requirements (managerial, supervisor expertise)

Enterprises issued with a permit or endorsement from the MIC are allowed to employ foreign experts and technicians.

The requirements for employing foreign experts and technicians are outlined below:

- The investor must disclose the number of foreign experts and technicians he or she seeks to employ⁸⁶
- After obtaining a MIC permit, a company must apply for appointment and stay-permits
- With the endorsement of MIC, a company must submit an application for work permits to the Directorate of Labour
- Stay permits and visas are to be obtained from the Immigration and National Registration Department, under the Ministry of Immigration and Population

6.4 Labour laws in Myanmar

The existing labour laws in Myanmar include:

- Workmen's Compensation Act (1923) as amended 2005
- Factories Act (1951)
- Leave and Holidays Act (1951) as amended 2016
- Employment Restriction Act (1959),
- Labour Organization Law (2011)
- Settlement of Labour Dispute Law (2012) as amended 2014
- The Social Security Law (2012)
- Employment and Skill Development Law (2013)
- The Minimum Wages Law (2013)
- Payment of Wages Law (2016)
- Shops and Establishments Law (2016)
- Oilfields (Labour and Welfare) Act (1951)
- Income tax law (1974) as amended by Union Tax Law 2017

These laws govern labour-related matters and deal with subjects such as working hours, holidays, leave of absence, woman and child labour, wages and

overtime, severance pay, workmen's compensation, social welfare and work rules. In August 2017, a new employment contract template was officially announced by the Government⁸⁷.

The Social Security Act establishes a defined contribution fund with contributions made by employers, employees and the government. When employees fall sick, they can visit township level social security clinics to obtain free medical treatment from general practitioners. If employees need to visit specialists and admitted to government hospital for medical and surgical treatments, the employees will be able to claim a portion of the medical expenses incurred from Social Security Board⁸⁸.

In the Myanmar Special Economic Zone Law (2014) prescribes special rules applicable to foreign employees, work permits, and minimum percentages of employees who must be citizens⁸⁹.

Myanmar has been a member of the International Labour Organisation (ILO) since 1948. A Myanmar tripartite delegation comprising representatives of the government, employers and workers attend the ILO conference held in Geneva annually.

6.5 Permanent residency in Myanmar

Under the Permanent Residence of a Foreigner Rules in 2014, applicants are allowed to stay for an initial period of five years, which can be extended. The policy was set in place to enable scholars, experts, intellectuals and investors from other countries as well as former Myanmar citizens to contribute to the country's national development⁹⁰.

In August 2017, the Permanent Resident of a Foreigner Rules were revised to ease restrictions in accordance with international practices.

With the new rules, foreigners must have lived in Myanmar at least three years or have been married to a Myanmar national for at least two years. The provision, the process of application, the renewal and other details are covered fully in the Rules⁹¹.

86 FAQ on investment application, DICA

87 Notification number 140/2017, August 2017

88 Ministry of Labour, Employment and Social Security

89 Special Economic Zone Law (2014)

90 "Permanent Residency System for Foreigners in December", Nov 2014, Myanmar Business Today

91 Permanent residency notification, Aug 2017, The Global New Light of Myanmar

7.

Other considerations

7.1 Commercial registration and licensing requirements

Export/import businesses

According to the Ministry of Commerce, the following individuals and enterprises who wish to carry out an export/import business may apply to the Directorate of Trade for registration as an exporter/importer.

- a citizen or associate citizen or naturalised citizen if the applicant is a sole proprietor
- partnership firms
- enterprises registered under the MCL and Special Company Act of 1950, i.e. Limited Companies (inclusive of foreign companies branches) and joint venture corporations

Both foreign and local investors establishing a business involving export/import transactions are required to first register as an exporter/importer and obtain a Certificate of Exporter/Importer Registration from the Directorate of Trade under the Ministry of Commerce. After receiving the certificate, the registered exporter/importer then needs to apply for an export/import licence separately per transaction/contract.

In 2013, the Ministry of Commerce allowed local traders to trade freely on 318 types of goods (including 152 export items and 166 import items).

In 2014, the Ministry further issued a notification (No. 11/2014) to waive the import licence requirement on 152 types of goods for all local and foreign importers.

According to an instruction (No. 02/2015) issued by the Management Committee of the Thilawa SEZ in May 2015, trading is permitted for foreign companies set up in the Thilawa SEZ when certain requirements are fulfilled.

In November 2015, the Ministry of Commerce issued a notification (No. 96/2015) to allow foreign joint venture to engage in the trading of agricultural products and healthcare equipment.

In July 2016, the Ministry of Commerce and Trade issued Notification No. 56/2016 to permit foreign joint venture companies to trade in construction materials subject to certain conditions. In December 2016, Notification No. 85/2016 was issued to specify the items allowed to be trade under the previous two notifications.

Trade restrictions were further relaxed when the Ministry of Commerce issued a notification (No. 25/2018) in May 2018 (as discussed in the section below).

Wholesale/Retail businesses

In May 2018, the Ministry of Commerce issued Notification No. 25/2018, detailing key terms and conditions for both local and foreign companies as well as JV companies in carrying out retail and wholesale trading activities in Myanmar⁹².

The new Notification is applicable to below entities:

- 100% foreign-owned companies;
- JV companies between Myanmar citizens and foreigners;
- 100% Myanmar-owned companies.

In accordance with the new notification, any such company shall be allowed to engage in retail/wholesale of either domestically produced or imported goods (with the exception of restricted/prohibited goods) nationwide.

However, there are a few exceptions to the rule which are spelled out in details as below:

- JVs between Myanmar citizens and foreign investors, in which the Myanmar shareholder(s) hold at least 20% of the shares are subject to the following minimum capital requirements:

- The JV wholesale company must have a minimum capital of USD2 million (excluding land rental fees);
 - The JV retail company must have a minimum capital of USD0.7 million (excluding land rental fees).
- For 100% foreign-owned companies and JV companies with less than 20% Myanmar-owned shareholding, are subject to the following minimum capital requirements:
 - The 100% foreign-owned or JV company carrying out wholesale activities must have a minimum capital of USD5 million (excluding land rental fees);
 - The 100% foreign-owned or JV company carrying out retail activities must have a minimum capital of USD3 million (excluding land rental fees).

On 31 July 2018, the Ministry of Commerce issued operating procedures for wholesales and retail operators to follow, detailing the prioritised sectors allowed for wholesale and retail operations.

92 “Govt Issues Operating Procedures for Wholesalers, Retailers”, July 2018, The Irrawaddy



7.2 Foreign exchange and exchange control

Foreign exchange is regulated by the Foreign Exchange Management Law (FEML) and Foreign Exchange Management Regulations, which was enacted in August 2012 and September 2014 respectively, and replaces the Foreign Exchange Regulation Act 1947. The CBM Law empowers the CBM to administer FEML.

“Foreign exchange” is defined in the FEML as including “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”.

The new CBM Law also defines “foreign exchange” as including

- 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.

In general, citizens, foreigners and companies in Myanmar must obtain permission from the Foreign Exchange Management Board (FEMB) in all of their practical dealings with foreign exchange in connection with borrowing foreign exchange from abroad and repaying the principal and interest thereof, making any payment to persons abroad, opening accounts in foreign banks abroad and the remittance of profits. However, MIL companies are permitted to repatriate investment and profits in the foreign currency in which the related investments were made.

FEML prohibits payments made in foreign currency to any person who is not a resident of Myanmar, as well as the export of any currency or foreign exchange without the permission of the CBM. Except with the prior approval of the CBM, all persons must transact with an authorised dealer in respect of the buying or borrowing, selling or lending, and transfer or exchange of any foreign exchange.

Any contract or agreement made by any person that would directly or indirectly evade or avoid in any way the operation of any provision of FEML or of any rule, direction or order made thereunder will be rendered void, unless permission is obtained from the CBM. Thus, the use of, and payments and dealings in foreign exchange are all subject to the provisions of FEML and permission, or authorisation is required from the FEMB in connection with foreign exchange dealings.

In May 2015, CBM issued a circular to instruct government ministries and regional governments to use only local currency for charges and price quotations when selling products or services.

In January 2017, CBM had issued a reminder that local currency should be used in all local transactions in an effort to help stabilise the exchange rate⁹³.

With technical assistance from the IMF, CBM is also in the process of implementing an inter-bank market rate system to replace the current reference rate system⁹⁴.



⁹³ “CB issues reminder on currency used but dollar shortage remains issue for bank”, MyanmarTimes, 6 January 2017

⁹⁴ “Central bank turns to interbank transaction rate”, Eleven, 27 February 2017

7.3 Foreign ownership of land and property

Foreign ownership of land and immovable property is expressly prohibited under the Transfer of Immovable Property Restriction Law 1987. Under this law, transfer of immovable property by any person to a foreigner or a company owned by a foreigner by way of sale, purchase, gift, acceptance of a gift, mortgage, acceptance of a mortgage, exchange or transfer and acceptance of a transfer by any other means are expressly prohibited.

Companies with investment permits and/or endorsement from MIC and/or SEZ Committee are eligible for tax incentives and the right to lease land for a period of 50 years with the option for two ten-year extensions (for MIC) and 50 years with the option for 25 years extension (for SEZ).

In January 2016, the Condominium Law was enacted after years of discussion in parliament. According to the law, foreigners are allowed to purchase up to 40% of a condominium apartment in a block, which is approved and built on a land of 20,000 sq ft or above, with no less than six stories.

In December 2017, the Ministry of Construction passed the Condominium Rule via notification no. 267/2017. The Condominium Rule provides clarity, such as further clarifying the 40% threshold refers to “saleable floor area” of a condominium building. The administration will be executed by the Ministry of Construction.

7.4 Arbitration law

The Arbitration Law was enacted on 5 January 2016 and replaced the Arbitration Act (1944). With the objective of resolving both domestic and international commercial disputes, the law will bring further legal security and stability for investors in the future. The Law gives effect to Myanmar’s ratification of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) in April 2013 and, more broadly, brings Myanmar’s arbitration law in line with international practice and with the Model Law⁹⁵.



95 “A new arbitration law for Myanmar”, June 2016, Allen & Overy

7.5 Economic and Trade

International Investment Agreements

In June 2013, Myanmar was readmitted to the European Union's (EU) Generalised System of Preferences to benefit from lower duties on exports. A Trade and Investment Framework Agreement was also signed with the United States in May 2013. Myanmar has signed Bilateral Investment Treaties with China, India, Indonesia, Israel, Japan, Kuwait, Laos, the Philippines, South Korea, Thailand, Vietnam and United States of America⁹⁶.

In Feb 2018, Myanmar and China concluded a MOU on the CMEC. The two countries have firmed up their collaboration on various leading sectors including but not limited to infrastructure, construction, manufacturing, agriculture, border economic co-operation., public health, tourism, finance and research and development, among others.

Myanmar is also a party to the Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation that aims to establish a free trade area among Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand.

ASEAN Economic Community

At the 21st ASEAN Summit in Cambodia, ASEAN leaders showed their interest in building the ASEAN Community, which comprises of three pillars – the ASEAN Political-Security Community, the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community.

The most important of these pillars is the AEC as it is designed to transform ASEAN's 10 member countries into a single production base, allowing for the free movement of goods, services, investment, skilled labour and capital.

Myanmar is a member of the ASEAN Free Trade Area (AFTA) which was established in 1992. AFTA seeks to eliminate tariff barriers among ASEAN countries, and the key to this is the Common Effective Preferential Tariff Scheme, under which tariffs are gradually reduced to 0% – 5% by 2010 and 2015 for Cambodia, Laos, Myanmar and Vietnam.

Myanmar is a signatory to the ASEAN Framework Agreement on Services that aims to strengthen cooperation among service suppliers in the ASEAN region, reducing restrictions and progressively liberalising trade in services among ASEAN countries.

96 "Investment agreements", DICA



In addition, Myanmar is a party to the Framework Agreement on the ASEAN Investment Area which aims to establish the ASEAN region as a competitive investment area by 1 January 2010, as well as facilitating a liberal and transparent investment environment and the free flow of investments in the region by 2020.

In 2014, Myanmar acted as the rotating chair of ASEAN for the first time since joining ASEAN 17 years earlier. The theme of its ASEAN Chairmanship was “Moving Forward in Unity to a Peaceful and Prosperous Community”.

As a member of ASEAN, Myanmar is a party to the following:

- the ASEAN-China Free Trade Agreement, under which a zero- tariff market for normal track goods took effect for the ASEAN-6 in 2012, while the rest of participating countries are able to enjoy zero tariff for normal track goods in 2018⁹⁷.
- the ASEAN-Korea Framework Agreement on Comprehensive Economic Cooperation, under which tariffs on 90% of products were eliminated from 1 January 2009. ASEAN aimed

to implement a Free Trade Area for normal track goods for the ASEAN-6 by 2012, Vietnam by 2018 and for the rest of the participating members by 2020⁹⁸.

- the ASEAN-Japan Agreement on Comprehensive Economic Partnership, under which tariffs on 90% of imports from Japan are expected to be eliminated by the ASEAN-6 within 10 years of the agreement taking effect. A more gradual tariff elimination table has been set for the remaining four ASEAN members.
- the ASEAN-India Framework Agreement on Comprehensive Economic Agreement, which aims to establish an ASEAN-India Free Trade Area with ASEAN-5 for normal track goods by 2016 and majority of normal track goods with the remaining members by 2018⁹⁹.
- the Agreement Establishing ASEAN-Australia-New Zealand Free Trade Area, which aims to create a trans-Pacific free trade zone comprising 600 million people and GDP of USD2.7 trillion.
- negotiation for an EU-ASEAN Free Trade Agreement is currently in progress.

97 “ASEAN and China free Trade agreement (ACFTA)”, Japan Machinery Center for Trade and Investment Profile

98 “Modality for tariff reduction/elimination for tariff lines Placed in the normal track”, Korea Customs Service

99 “Schedule of tariff commitments”, Association of Southeast Asian Nations



8.

Accounting and auditing regulations

Myanmar has one of the lowest number of professional accountants in ASEAN. The rapid growth in foreign investments since 2011 has put further strains on the need for qualified accountants.

As Myanmar continues its growth trajectory, Myanmar businesses are increasingly bringing in foreign partners to invest in their business, or are looking to list on the YSX or overseas exchanges. In addition, the much anticipated MCL 2017 was passed on 7 December 2017 and put into effect from 1 August 2018. Further to modernising the company registration process electronically, the MCL aims to replace the restrictive investment laws. The internationalisation of capital brings with it demand for international standards in accounting and finance.

This in turn led to a greater demand for accounting professionals with international qualifications and experience.

The current applicable Myanmar accounting standards are known as the Myanmar Financial Reporting Standards (MFRS) which is based on the 2010 version of International Financial Reporting Standards (IFRS). Despite the adoption of MFRS, many local companies continue to be entrenched in their old accounting practices and the accounts prepared are not always in compliance with the adopted standards. This is usually due to the lack of practical exposure and detailed knowledge of the accounting requirements.

However, there is shift in mindset – particularly among larger corporations – towards proper financial reports, better accounting and internal controls, and the use of technology to keep track of business performance and assets. Foreign stakeholders are also asking their local partners for financial statements prepared based on international standards and to employ international finance and professional consultants where necessary.

On 4 July 2018, the Myanmar Accountancy Council (MAC) announced that the IFRS issued by the International Accounting Standards Board (IASB) will be fully implemented in Myanmar with effect from FY 2022/23. The existing MFRS will be replaced by IFRS and early adoption is encouraged. Adoption of IFRS will be mandatory for public interest companies including banks and insurance companies, while other companies can adopt either IFRS or IFRS for Small and Medium sized Entities.

In order to properly implement IFRS, significant capacity building will be required across the entire profession – from auditors to preparers of financial statements and regulators of the accounting profession. This will require significant resources and international assistance and expertise. The enormity of the task cannot be overstated and the window to build the necessary capacity is narrow.

As a result of the above factors, there is a huge demand for qualified accountants that cannot be fully met locally. While a continued stream of returning Myanmar expatriates who have worked overseas have helped to partially meet this demand, experienced finance professionals from nearby countries are still required to fill the gap. Domestically, there is a growing number of students studying for a career in accounting and the Myanmar CPA training courses conducted by the MAC are also seeing healthy intakes. Myanmar Institute of Certified Public Accountants (MICPA) registered members increased from 550 in March 2014¹⁰⁰ to 1,247 in May 2018, of which 802 are practicing members¹⁰¹. In the short to mid-term, there is a need to accelerate the development of the accountancy profession to drive up standards and increase capacity.

100 “Current Status of the Accounting and Auditing Profession in ASEAN Countries”, World Bank Group, September 2014

101 Myanmar Institute of Certified Public Accountants, https://myanmar-icpa.org/Org_Profile.aspx

8.1 Statutory requirements

Companies in Myanmar have to be audited (except those that meet the “small” companies criterion for audit exemption) and the company’s directors may appoint the first auditor. Subsequent auditors are appointed by the shareholders at the annual general meeting (AGM). The directors of a company are also required to submit a set of audited financial statements at each AGM.

A company is required to hold its first AGM no later than 18 months from the date of its incorporation, and thereafter at least once in every calendar year and not more than 15 months after the holding of the last preceding AGM.

During the AGM, directors are elected, auditors are appointed, and the audited financial statements as well as the director’s report are approved by the shareholders.

Every company must submit an annual return to DICA within two months from its incorporation and thereafter, once at least in every year (but no later than one month after the anniversary of its incorporation).

The annual return document must contain the following information:

- the registered name of the company;
- the registration number of the company;
- the address of the registered office of the company and, if different, the address of the place where the register of members is kept;
- in the case of a public company, a list of the top 50 members (or such other number of members if the company has less than 50 members) holding the largest number of shares in the company and their respective names, addresses and nationalities and shareholdings;
- in any other case, a list of all members of the company and their respective names, addresses and nationalities and shareholdings and a list of persons who ceased to be members since the date of the last filing;
- the date of the last annual general meeting of the company (if applicable);
- particulars of the company’s principal activity or activities at the date to which the accounts of the company are made up and at the date of the annual return;

- a summary distinguishing between shares issued for cash and shares issued as fully or partly paid up otherwise than in cash;
- the amount of the share capital of the company, and the number of the shares into which it is divided;
- the amount called up on each share;
- the total number of shares forfeited or cancelled since the date of the last return;
- whether the company has either become or ceased to be a foreign company since the date of the last return and the date on which such change occurred;
- the names of the company’s subsidiaries, holding companies and ultimate holding company, if any;
- the names, addresses, gender and nationalities of the persons who at the date of the return are the directors of the company and of the persons (if any) who at the said date are the secretaries of the company, and the changes in the personnel of the directors and secretaries since the last return together with the dates on which they took place;
- confirmation that the mortgages and charges which are required to be registered with the Registrar under this Law have been registered; and
- such other items as may be prescribed from time to time.

It is mandatory for companies in Myanmar to adhere to the same financial year, which currently is from 1 April to 31 March. No entities are allowed to choose different accounting periods, even for subsidiaries or branches of foreign companies with different financial reporting year-ends. The financial year coincides with Myanmar’s tax assessment period and companies are required to submit audited financial statements to the tax authorities together with the income tax returns annually by 30 June.

In November 2017, the government announced a change in the Myanmar fiscal year to the 12 month period from 1 October to 30 September. The Union Taxation Law 2018 (“UTL 2018”) which is effective from 1 April 2018 also sets out further guidance stating that for all taxpayers apart from the state-owned enterprises, the fiscal years shall be the period from 1 April 2018 to 31 March 2019, followed by 1 April 2019 to 30 September 2019 and only thereafter the government fiscal year is to be adopted starting from 1 October 2019. Accordingly, the new tax filing deadline will be by 30 December each year.

8.2 Auditing regulations

Besides the adoption and implementation of accounting standards, the MAC also governs the qualification and certification of Myanmar Certified Public Accountants in the country, including the registration of auditors.

The MAC sets a strict set of conditions for registration to provide statutory audit services. Foreign accountancy firms and overseas qualified auditors are unable to issue audit opinions in their names in Myanmar.

MAC is also the auditing standards setter and has prescribed the Myanmar Standards on Auditing in English, the Myanmar Auditing Practice Statement and a Code of Ethics for Professional Accountants.

On 4 July 2018, the MAC announced that International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) will be implemented in Myanmar with effect from FY 2022/23 and early adoption is encouraged.

The new MCL introduced simplified statutory requirements for 'small' companies, including being exempted from audits and having to hold AGMs. A "small company" is defined as a company and its subsidiaries which has no more than 30 employees, and annual revenue in the prior financial year of less than MMK50 million in aggregate. This does not apply to a public company or subsidiary of a public company. A small company is exempted from holding an AGM, preparing annual financial statements and having the financial statements be audited.



8.3 Myanmar Financial Reporting Standards

The MAC is formed under the Myanmar Accountancy Council Law and renewed every four years. The Chairperson of the MAC is the Union Auditor General of Myanmar.

Among its other duties, the MAC is responsible for prescribing accounting standards, auditing standards and ethical standards for practicing accountants in Myanmar.

In 2010, the MAC issued 29 Myanmar Accounting Standards (MAS) and eight MFRS that became effective on 4 January 2011. These MAS and MFRS are identical to the IFRS that existed on that date. Many new and amended standards have been issued by the IASB since 4 January 2011 and these have not been updated in MFRS, including the Interpretations from the International Financial Reporting Interpretations Committee and Standing Interpretations Committee.

Although MFRS has adopted IFRS (based on the standards that existed on 4 January 2011 and with the exceptions noted above), some accounting standards would clearly be less relevant in the context of Myanmar's current operating and financial reporting landscape. Complex financing options and structured products such as derivatives are not currently available in Myanmar, and most Myanmar companies are generally financed by either regular bank loans or shareholder loans. Accounting for derivatives and hedging transactions under IFRS would therefore be mostly irrelevant. Most Myanmar companies also presently do not have share-based compensation plans and therefore IFRS 2: Share-based Payment would also not be relevant.

Foreign investors need to be mindful of potential differences between MFRS and IFRS when accounting for their investments in Myanmar and in preparing the consolidated financial statements of the foreign holding corporation.

For example, many power plant projects are awarded by the government in the form of Build Operate and Transfer (BOT) contracts. MFRS may allow companies to recognise these BOT infrastructure assets as fixed assets. However, IFRIC 12 Service Concession Arrangements (which has not been adopted by MFRS) may preclude the recognition of such fixed assets, as they will be transferred to the government at the end of BOT term for a nominal consideration. Under IFRS, the company undertaking the BOT contract would instead record the arrangement as a service contract and recognise both construction revenue and operating and maintenance revenue over the BOT term. Myanmar companies undertaking such BOT contracts would therefore need to make an accounting adjustment to comply with IFRS before reporting to their foreign investors.

Another issue to note is related to the consolidation of financial statements. Although the requirements for consolidation are already enshrined in MFRS, most group companies in Myanmar do not prepare consolidated financial statements, and only the standalone financial statements of each group entity are prepared and filed with the authorities. Such a practice makes it more challenging for Myanmar companies which may need to start preparing consolidated financials in accordance with IFRS 10: Consolidated Financial Statements, either for the purposes of reporting to their foreign investors, to meet loan covenant requirements of foreign lenders or for listing on the Yangon or overseas stock exchanges.

The implementation of IFRS is positive news to international investors who now have an option for their investee companies in Myanmar to early adopt IFRS so that there are no differences in the local books and the accounts consolidated in the Group's financial statements. Once the local companies adopt IFRS, this will also provide transparency and comparability in financial reporting for potential foreign investors.



9.

Conducting business in Myanmar

9.1 Form of business

The new Myanmar Investment Law 2016 (MIL) was enacted on 18 October 2016. The new law is a consolidation of the Myanmar Citizen Investment Law 2013 and the Myanmar Foreign Investment Law 2012 (MFIL). The new MIL does not prescribe any specific option an investment may be carried out for foreign investments.

The MIL and the Myanmar Investment Rules (“MIR”) governs the foreign investments in Myanmar:

- a wholly-foreign owned company or branch subject to the rules and regulations of MIL;
- a joint venture between a foreign investor and a local partner (a Myanmar citizen, or a government department and organisation);
- an investment in line with a contract between the foreign investors and local parties (for example, Build-Operate-Transfer (BOT) and Build-Transfer-Operate (BTO) schemes¹⁰²).

The investment shall be in the form of a company incorporated in accordance with existing law. The existing governing laws for limited liability companies is the Companies Act 1914 (CA) and guidelines provided by the Directorate of Investment and Company Administration (DICA). The new MCL was signed by the Union President on 6 December 2017, and enforced on 1 August 2018, replacing the CA.

If a joint venture is formed, the ratio of foreign and local capital may be specified and agreed upon by both the foreign and local parties entering into the joint venture. MIC shall prescribe the minimum amount of investment required depending on the sector and the nature of the business.

If a joint venture is carried out in a prohibited and restricted business, the foreign capital ratio is prescribed by the MIL. Under section 33 of the MIL, the minimum direct shareholding or interest of a Myanmar citizen investor (or group of them) in the joint venture in restricted and prohibited business sectors is 20%.

1. Limited liability companies

A limited liability company may be wholly-owned by foreign investors except for certain industries where activities can only be carried out by the government. The government, on a case-by-case basis, may permit these activities to be carried out by any person or economic organisation, with or without a joint venture with the government, and subject to unspecified conditions.

There are two major types of companies in Myanmar – (1) private companies limited by shares and (2) public companies limited by shares. Under the CA, a private company limited by shares is required to have at least two, but no more than 50 shareholders. Starting 1 August 2018, the MCL prescribes this requirement to be at least one, but no more than 50 shareholders.

“Foreign company” is now defined as a company incorporated in the Union in which an overseas corporation or other foreign person (or combination of them) owns or controls, directly or indirectly, an ownership interest of more than 35%”.

102 Myanmar Investment Guide 2014, MIC and DICA, September 2014

Registration of companies

Foreign investors who register their companies under the MCL may also wish to apply for an investment permit or endorsement from the MIL or a permit from SEZ Committee. Companies with investment permits and/or endorsement from MIC and/or SEZ Committee are eligible for tax incentives and the right to lease land for a period of 50 years with the option for two ten-year extensions (for MIC) and 50 years with the option for 25 years extension (for SEZ).

A foreign company that does not need an MIC Permit/Endorsement or a SEZ Permit, only needs to be registered with DICA. While previously under the CA, the company would receive a Permit to Trade, that is now abolished and included in the company's constitution under the MCL.

Local director requirement

Under the MCL, a public company is required to have at least three directors, where at least one is a Myanmar citizen, an ordinarily resident in the country. For private companies, at least one director is required and must be a ordinarily resident (at least 183 days of residence in Myanmar in a 12-month period).

Minimum share capital Requirements

The level of minimum share capital requirements imposed on the companies varies depending on the types of activities that a company intends to undertake. For companies registered under the CA, the minimum share capital was USD150,000 for a manufacturing company and USD50,000 for a service company

Under the MCL, there is no minimum share capital requirement. For companies registered under the MIL, the minimum foreign share capital will be determined by the MIC at its discretion. The MIC may prescribe the

minimum investment for certain sectors in the rules and regulations to be issued.

There are minimum share capital requirements for businesses registered under the SEZ Law. The amount of investment amount may vary depending on the sectors and zone the businesses are located.

2. Branch of a company incorporated outside Myanmar

Under the CA, a branch was only required to apply for a permit to trade and a registration certificate.

Under the MCL, a foreign company can register itself as "overseas corporation" in Myanmar which operates as a branch or representative office. An overseas corporation must not carry on business in the Union unless it is registered under the MCL.

A foreign branch intending to carry on certain restricted business (for instance, oil and gas industry) is required to obtain a MIC permit/endorsement under the MIL. The fee to register an overseas corporation under the MCL is MMK250,000 (approx. USD170).

3. Joint venture

Foreign investors can set up their business in the form of a joint venture with any Myanmar partner (an individual, a private company, a cooperative society or a state-owned enterprise). There is an extensive list issued by the MIC under the MIL with regard to the type of business activities allowed to be carried out in the form of joint ventures with Myanmar partners with a minimum shareholding of 20%. Examples include development, sales and lease of residential apartments and condominiums and manufacturing and domestic distribution of all kinds of spirits, alcohol, alcoholic beverages and non-alcoholic beverages.



9.2 Foreign investment restrictions

Foreign investment in Myanmar was previously governed under the MFIL 2012. The new MIL 2016 was enacted on 18 October 2016.

Investment permits issued under the old investment laws continue to be valid. The new MIL also specifies certain investments that are restricted and prohibited, which are generally similar to those in the old law.

The specific businesses and investments that are prohibited or restricted will be determined by the MIC with the approval of the government. The MIC has issued notification no.15/2017 on 10 April 2017 listing the types of economic activities that are restricted to foreign investment under section 42 of the MIL.

The new MIL classifies businesses that are detrimental and harmful to Myanmar as prohibited investments. The new law has also stipulated the restricted businesses and investments as follows:-

- sectors where activities are allowed to be carried out by the government only;
- sectors that are restricted to foreign investors;
- sectors that are allowed only in joint ventures with a citizen owned entity or a citizen of Myanmar; and
- sectors that are permitted only with the recommendation of the relevant ministries.



Economic activities prohibited under the State-owned Economic Enterprise Law (SEE) Law

The SEE Law specifies 12 economic activities that are closed to private investment and can only be carried out by the government:

- extraction and sale of teak in Myanmar and abroad;
- cultivation and conservation of forest plantations, with the exception of village-owned firewood plantations cultivated by the villagers for their personal use;
- exploration, extraction and sale of petroleum and natural gas and production of products of the same;
- exploration, extraction and exportation of pearls, jade and precious stones;
- breeding and production of fish and prawns in fisheries that have been reserved for research by the government;
- postal and telecommunications services;
- air and railway transport services;
- banking and insurance services;
- broadcasting and television services;
- exploration, extraction and exportation of metals;
- electricity generating services, other than those permitted by law to private and cooperative electricity generating services;
- manufacture of products relating to security and defence, which the government has, from time to time, prescribed by notification.

New laws have been passed that will allow foreign investors to undertake activities that were prohibited under the SEE Law.

For example, recently the Ministry of Commerce recently liberalised the retail and wholesale sector, allowing 100% foreign owned companies through Notification 25/2018.

The government, on a case-by-case basis, may permit these prohibited activities under the SEE law to be carried out by any person or economic organisation, with or without a joint venture with the government and subject to unspecified conditions.

Sectors allowed for foreign investment

Investment proposals submitted to the MIC are considered on a case- by-case basis. Under the previous investment laws, investors were required to submit an application and obtain approval for an MIC Permit. The new MIL has introduced a new route for investment through an endorsement application.

A MIC Permit is required for businesses that are (a) strategic for the country; (b) large capital intensive projects; (c) projects which have a large potential impact on the environment and the local community; (d) use state-owned land or buildings; and (e) designated by the government to require the submission of a proposal to the Commission. The requirement to obtain an MIC permit applies to both foreign and citizen investors.

Businesses and investments that do not fall under the categories above do not require a MIC Permit. However, these businesses would still need to submit an endorsement application to the MIC to enjoy the right to use land and obtain tax exemptions. Furthermore, they will benefit from other advantages under the new MIL (e.g. guarantee against confiscation, explicit right to repatriate profits) that have so far only been available to MIC companies.

Under the new MIL, the MIC Permit appears to be mainly for the purpose of regulating investments that are restricted. Investors seeking to secure rights to use land and tax incentives would only need to submit an Endorsement application. The Myanmar Investment Rules issued by the Ministry of Planning and Finance via Notification no. 35/2017 dated 30 March 2017 define these categories in detail.



9.3 Tax incentives for investments

Incentives under the MIL

Under the previous MFIL, companies registered under the MFIL that have obtained MIC permits are entitled to the following special benefits and tax incentives, including a five-year corporate income tax exemption that was granted automatically, irrespective of the sector and the region in which the investment was made.

The benefits and incentives (except the five-year corporate income tax exemption) that are granted by the MIC at its discretion under the previous MFIL were as follows:

- exemption from income tax for up to five consecutive years for an enterprise engaged in the production of goods or services. The exemption may be extended by the MIC for a further reasonable period, depending on the success of the enterprise;
- exemption or relief from income tax on profits of the business that are maintained in a reserve fund and subsequently re-invested within one year after the reserve fund is made;
- right to deduct depreciation of machinery, equipment, building or other capital assets used in the business at rates prescribed by the MIC;
- relief from income tax of up to 50% of the profits accrued on exported goods that are produced by any manufacturing business;
- the right to pay income tax on the income of foreign employees at the rates applicable to citizens residing in the country;
- the right to deduct expenses from assessable income, such as expenses incurred in respect of research and development relating to the business that are required and carried out within the country;
- the right to carry forward and set off losses for up to three consecutive years from the year the loss is sustained (within two years after the tax holiday period);
- exemption or relief from customs duty or other internal taxes on machinery equipment, instruments, machinery components, spare parts and materials used in the business, and items which are imported and required to be used during the construction period of the business;
- exemption or relief from customs duty or other internal taxes on imported raw materials for the first three years of commercial production following the completion of construction;
- if the investor increases the amount of investment and expands the business within the approved time frame, it may enjoy exemption and/or relief from customs duty or other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials that are imported for the expansion of business; and
- exemption from commercial tax on goods that are manufactured for export.

The tax incentives were revised under the MIL 2016 and was introduced as part the government's strategy for reshaping the existing tax incentive mechanism with the aim of promoting foreign investment in the promoted sectors and increasing tax revenue. Unlike the old MFIL which provide blanket tax incentives, under the MIL 2016, an exemption from corporate income tax is only available if the investment is made in a promoted sector specified in the MIC notification No. 13/2017.

The list of promoted sectors include:

- Agriculture and its related services (except cultivation and production of tobacco and Virginia);
- Plantation and conservation of forest, and other businesses with forest;
- Manufacturing of certain products;
- Establishment of industrial zones;
- Establishment of new urban areas;
- City development activities;
- Construction of road, bridge and railway line;
- Construction of seaport, river port and dry port;
- Management, operation and maintenance of airport;
- Maintenance of aircrafts;
- Supply and transport services;
- Power generation, transmission and distribution;
- Production of renewable energy;
- Telecommunications businesses;

- Education services;
- Health services;
- Information technology services;
- Hotel and tourism; and
- Science research development business

The MIC will assess each tax incentives application by an investor and determine if the investor is eligible for any tax incentives after considering the objectives, principles, right and responsibilities in the MIL and criteria as stipulated in the Myanmar Investment Rules. One of these criteria is the minimum capital expenditure of USD 00,000 for obtaining tax benefits.

The list of tax benefits under the new MIL is as follows:

- For investments in sectors listed in the MIC notification No. 13/2017 as discussed above: exemption from corporate income tax for seven, five or three years depending on whether the investment takes place in an underdeveloped, moderately developed, or adequately developed region or state. The designation of these zones is subject to change from time to time depending on the development in the respective regions.
- Income tax exemptions shall only be granted to sectors that the Commission has specified as sectors that are promoted for investments.
- The Commission may allow more favourable exemptions and reliefs for locations where Myanmar citizen-owned businesses operate. The Government may also provide subsidies, funding, capacity building and training to Myanmar citizen investors and citizen-owned small-and-medium-sized enterprises.
- Exemption from custom duties or other internal taxes or both on machineries, equipment, instruments machinery components, spare parts, construction materials not available locally and materials used in the business which are imported as they are actually required, during the construction period, or during the preparatory period of the investment business.
- Exemption or relief from customs duties and/ or other domestic taxes on raw materials and semi-finished goods which are imported for the production of export goods by wholly export investment business.
- Right to obtain a refund, based on the amount of exported goods, of customs duties and/ or other domestic taxes paid at the time of the import of raw materials and semi-finished goods that are used to manufacture the products in the country and re-export it.
- If the volume of investment increases and the original investment business expands during the period of investment, there will be exemption or relief from customs duties or other internal taxes or both on machineries, equipment, instruments, machinery components, spare parts, materials used in the business and construction materials not available locally, which are imported as they are actually required for use in the business which is being expanded.
- Exemption or relief from income tax if the profits obtained from the investment business is reinvested in the same business or in a similar type of investment business within one year.
- Right to deduct depreciation for the purpose of income tax assessment, after computing such depreciation from the year of commencement of commercial operation based on an accelerated depreciation rate (which is less than the stipulated lifetime of the asset).
- Right to deduct expenses from assessable income, incurred for research and development related to the investment activities/ business required for the development of the country and is carried out in the country.
- Foreign investors will pay income tax at the rates applicable to citizens residing within the country.

9.4 Investment guarantee and protection

The MIL provides an explicit guarantee that an economic enterprise with a MIC permit cannot be nationalised during the term of the contract or during any extended term.

Investment businesses in the SEZ are also guaranteed against nationalisation under the Myanmar SEZ Law. Under the Myanmar SEZ Law, the price of goods manufactured, services rendered and goods exported from exempted zones and promoted zones within the SEZ are not to be controlled.

Myanmar has investment protection agreements with the United States, Indonesia, China, India, Kuwait, Israel, Laos, the Philippines, Thailand, Vietnam, Japan¹⁰³ and Korea¹⁰⁴. An investment protection agreement is also being negotiated with Singapore and the European Union¹⁰⁵.

9.5 Myanmar Companies Law

With the assistance from the ADB, the century-old CA has been updated. The new MCL, effective 1 August 2018, aims to strengthen the Myanmar economy by creating clear, transparent and consistent regulations with better corporate governance and accountability.

Definition of 'foreign company'

A 'foreign company' is now defined as "a company incorporated in the Union in which an overseas corporation or other foreign person (or combination of them) owns or controls, directly or indirectly, an ownership interest of more than 35%". This new definition allows foreign investors to take a minority stake in companies incorporated in Myanmar, accessing business activities that was previously restricted to Myanmar nationals only.

Simplified incorporation process

Companies registering under the MCL will require only minimum one shareholder and one director. A share will not have a nominal or par value.

The MCL also mentioned the Registrar (which inferred as the DICA and any successor agency) will establish a systematic process for the electronic authentication, submission, filing, storage and maintenance of records.

Signatures no longer need to be in original ink on paper, and may consist of an entry of the signer's name in an electronic form. The electronic process of incorporation will make it easier for the registrants and lead to more efficiencies.

Ordinarily resident

An ordinarily resident is defined as a person who is a permanent resident or is resident for at least 183 days in each 12 month period.

The MCL requires each company to have at least one director who must be an ordinarily resident (for public companies, at least three directors, and one of whom must be a Myanmar citizen who is an ordinarily resident). This requirement also applies to authorised officers of an overseas corporation (e.g. chief representative of a foreign branch or representative office).

Existing companies will have until the end of transition period (i.e. 31 July 2019) to appoint a director who is an ordinarily resident. Overseas corporations have the same transition period to appoint an authorised officer.

Overseas corporations

The MCL emphasises that an overseas corporation should register in Myanmar if it intends to carry on business in the country, unless the business is an isolated transaction that is completed within a period of 30 days.

103 Signing of the Japan-Myanmar Investment Agreement, Ministry of Economy, Trade and Industry of Japan, December 2013

104 ROK and Myanmar Initial an Investment Protection Agreement, Korea.net, 6 January 2014

105 Investment protection agreement with EU: Making Myanmar more attractive for Investors, Myanmar Business Today, 11 September 2014

New concepts of “small company”, “solvency test” and “company secretary”

The MCL introduced three new concepts to promote the SME sector.

A “small company” is defined as a company and its subsidiaries have no more than 30 employees, and annual revenue in the prior financial year of less than MMK 50 million in aggregate. This does not apply to a public company or subsidiary of a public company.

A small company is exempted from holding an AGM, preparing annual financial statements and having the financial statements audited. Nonetheless, a small company is still required to keep written financial records (e.g. sum of money received and expended, sales and purchase of goods, and assets and liabilities, etc.) to enable preparation of financial statements.

A “solvency test” is applied when a company redeems redeemable preference share, makes payment of dividend, reduces share capital, buy-backs shares, and provides financial assistance to acquire own shares. A company is considered meeting the solvency test requirement when it is able to pay its debt as they become due, and the company’s assets exceed its liabilities.

The position of “company secretary” is also introduced. A natural person of sound mind who is at least 18 years old may be appointed as the company secretary by a resolution of directors. A company secretary is empowered to execute a document together with a director.

Public company

A public company is a company limited by shares with 50 or more shareholders. A private company may apply for a change to become a public company and vice versa. Public company is required to have its registers made available for inspection by public. A highest penalty of MMK10,000,000 will apply if a public company does not conform to requirement about prospectus.

Consolidated financial statements

Under the new Law, a holding company is required to prepare consolidated financial statements, and have the consolidated financial statements be audited.

Penalty for non-compliance

The monetary penalties for non-compliance with the MCL ranges from MMK 0,000 (for non-publication of name) to MMK10 million (for not complying with directors’ duties). This is a vast improvement to the CA as it provides more clarity and details about consequences of different types of non-compliance. Below is a summary of the changes to key compliance matters.

Business activity disclosure

The CA required companies to disclose their business activities in the memorandum of association, effectively limiting the companies’ activities. The MCL has removed this requirement.

Company’s Constitution

Under the MCL, the Memorandum of Association and Articles of Associations have been replaced by the Company Constitution. Furthermore, the MCL abolished the Permit to Trade, required under the CA.

Authorised capital and share par value

The MCL removed the concept of share value, and therefore, the concept of authorised capital.

Additional share classes

The MCL allows the issuance of different share classes, such as redeemable, preferential, special voting shares and options.

Dividends payout

Under the MCL, dividends can be paid in the form of cash, shares, options and assets.

Company Regulation

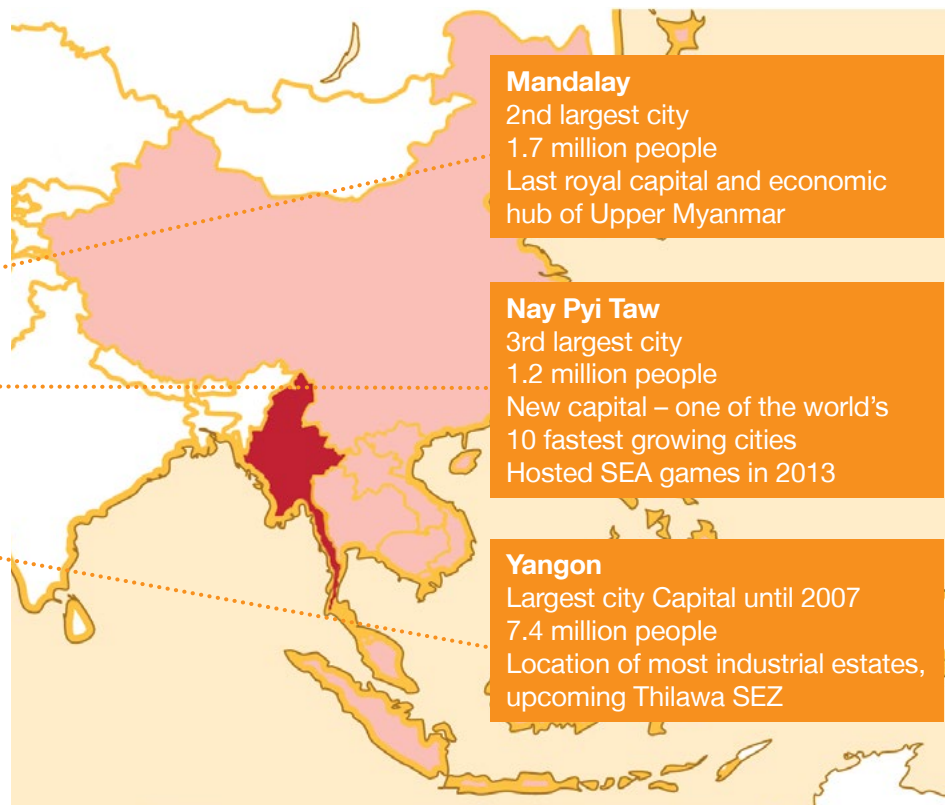
The Myanmar Companies Regulation (“MCR”) 2018 defines the rules and regulations associated with the new Myanmar Companies Law.

Re-registration requirements

The MCR requires all existing companies and bodies to re-register with DICA on the electronic registry.

10.

Country overview



Mandalay

2nd largest city
1.7 million people
Last royal capital and economic hub of Upper Myanmar

Nay Pyi Taw

3rd largest city
1.2 million people
New capital – one of the world's 10 fastest growing cities
Hosted SEA games in 2013

Yangon

Largest city Capital until 2007
7.4 million people
Location of most industrial estates, upcoming Thilawa SEZ

Map of Myanmar

10.1 Country snapshot

Basic data

Land area	676,563 sq km (second largest country in Southeast Asia)
Border countries	China (2,204 km of common border), India (1,338 km of common border), Laos, Thailand and Bangladesh
Population	54 million (2014 census preliminary results)

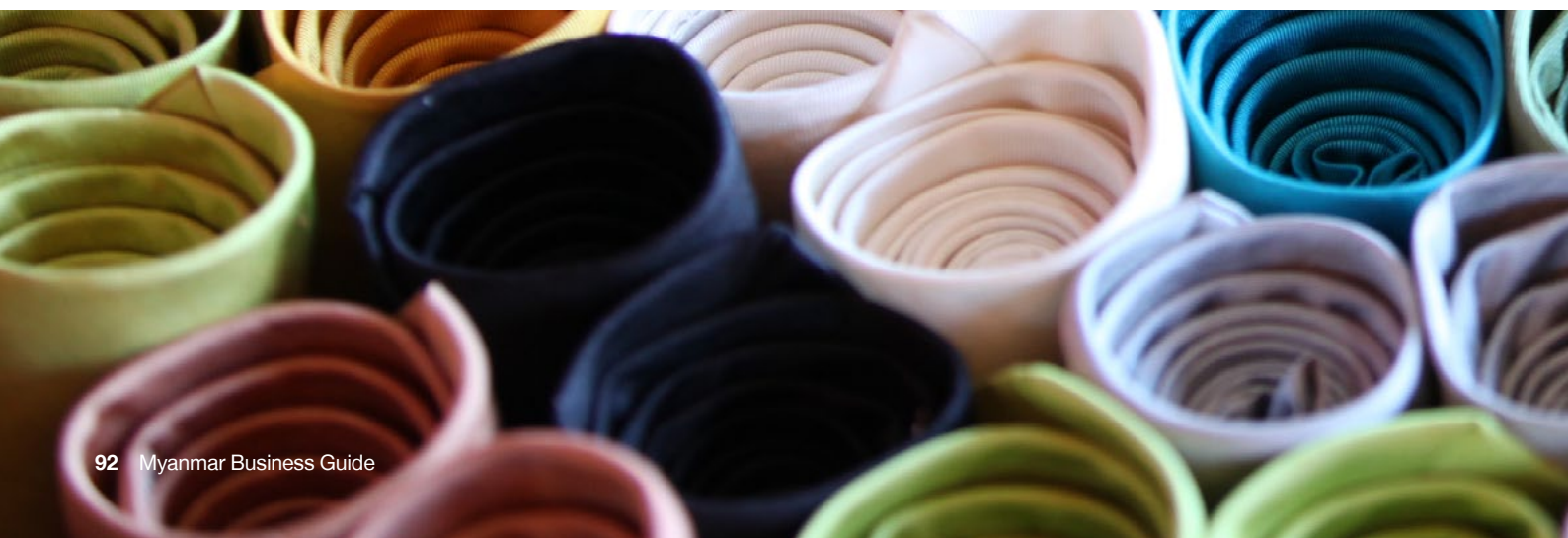
10.1 Country snapshot

Main cities population	<p>Yangon: 7,360,703 Nay Pyi Taw (capital): 1,160,242 Mandalay (district): 1,726,889</p> <p>Other cities (states/regions) with more than 1 million population: Shwebo (Sagaing): 1,433,343 Bago (Bago): 1,770,785 Toungoo (Bago): 1,123,355 Tharyawady (Bago): 1,062,331 Magway (Magway): 1,235,030 Pakokku (Magway): 1,005,545 Pyin Oo Lwin (Mandalay): 1,001,945 Myingyan (Mandalay): 1,055,957 Mawlamyine (Mon): 1,232,221 Taunggyi (Shan): 1,701,338 Pathein (Ayeyawady): 1,630,716 Phyapon (Ayeyawady): 1,033,053 Hinthada (Ayeyawady): 1,138,710</p>
Ethnic groups	Major ethnic groups: Kachin, Kayah, Kayin, Chin, Bamar, Mon, Rakhine, Shan
Religions	Buddhist 89%, Christian 4% (Baptist 3%, Roman Catholic 1%), Muslim 4%, Animist 1%, Other 2%
Age structure	<p>0–9 years: 18.5% 10–19 years: 19.4% 20–29 years: 16.9% 30–39 years: 14.8% 40–49 years: 12.4% 50–59 years: 9.2% 60–69 years: 5.3% 70+ years: 3.6%</p>
Climate	<p>Subtropical Hottest month: April, 24–36°C Coldest month: January, 18–23°C Driest month: January, 3 mm average rainfall Wettest month: July, 582 mm average rainfall</p>
Languages	Myanmar; numerous minority ethnic group languages, English is also spoken, particularly by the educated urban elite, and is the second language learnt in government school.
Currency	1 Kyat (MMK); MMK 1 = 100 pyas. Central Bank of Myanmar reference rate as at 31 March 2018: MMK 1,335: USD 1
Time	GMT + 6.5 hours
Fiscal year	1 October to 30 September
Natural resources	Natural gas, petroleum, gold, jade, rubies and other gemstones, copper, tin, antimony, lead, zinc, silver, teak and other timber

10.2 Brief history

Timeline of key events

1885–1948	British colony with the second largest economy in South-East Asia (after Indonesia), the largest exporter of rice and teak
1941	Aung San announced the formation of the Burma Independence Army (BIA) in anticipation of the Japanese invasion of Burma in 1942
1947	General Aung San and several cabinet ministers are assassinated
1962	The military led by General Ne Win took control of Burma through a coup d'état
1948–1988	Nationalisation of industry and socialism
1988	Democratic unrest as the economy was opened to foreign investors
1990	Aung San Suu Kyi's National League for Democracy (NLD) wins elections but results annulled
1992	The military replaced General Saw Maung with General Than Shwe
1997	US sanctions on Myanmar; Myanmar joins ASEAN
2000	EU sanctions on Myanmar
2001	Reversal of "investor-friendly" policy, many sectors closed to foreign investment
2007	Crackdown on 'saffron revolution' – sanctions intensified, more investors pull out; Myanmar turns to China
2010	Limited democratic elections held
2010	Aung San Suu Kyi released from house arrest
2011	President Thein Sein becomes Chief of State
2011	US Secretary of State Hillary Clinton visits
2011	New civilian administration, rapprochement with the West
2012	US President Barack Obama visits
2012	EU suspends all non-military sanctions
2013	SEA Games hosted in Nay Pyi Taw



10.2 Brief history

Timeline of key events

2013	EU lifts all sanction
2013	President Thein Sein visits Washington DC
2013	Japan Prime Minister Shinzo Abe visits
2014	ASEAN Chair 2014
2014	US extends some sanctions for another year
2014	US President Barrack Obama's second visit
2014	German President Joachim Gauck visits
2014	ASEAN Summit and East Asian Summit hosted in Nay Pyi Taw
2015	Myanmar general election conducted on 8 November, Aung San Suu Kyi's National League for Democracy (NLD) won a landslide victory
2016	The NLD government's term starts on 1 April
2016	US Sanction program ended as of 7 October
2016	Reveals 12-point economic policy in establishing an economic framework in support of national reconciliation
2017	Union government and ethnic groups signs 33 agreements during second round of the 21st Century Pinlon Union Peace Conference
2017	Hong Kong's Chief Executive Carrie Lam visits
2017	Changing of new fiscal year; 1 October to 30 September
2017	Indian Prime Minister Narendra Modi visits
2017	Formation of Ministry of the Union Government, Ministry of International Cooperation
2017	Revamping of Anti Corruption Commission
2018	President U Htin Kyaw resigns due to growing health concerns, Parliament elects U Win Myint as new president.
2018	India's External Affairs Minister Sushma Swaraj visits
2018	EU imposed sanctions on seven regional Myanmar military and police officers



10.3 Political system and governance structure

Key facts

Official name	The Republic of the Union of Myanmar
Local name	Pyidaungzu Thammada Myanma Naingngandaw
Independence	4 January 1948
Constitution	Approved by referendum on 29 May 2008 and reformed by a series of acts in 2011
Government type	Nominally civilian parliamentary government (took office in March 2011)
The Executive	<p><u>Head of State:</u> President U Win Myint (since 28 March 2018, elected by parliament due to the resignation of former president U Htin Kyaw);</p> <p>Vice President One: U Myint Swe (Since 1 April 2016);</p> <p>Vice President Two: Henry Van Htio (since 1 April 2016)</p> <p><u>Cabinet:</u> Appointed by the President and confirmed by Parliament</p> <p><u>Elections:</u> President elected by the Parliament from three Vice Presidents. Each Vice President is nominated by the upper house, lower house and military members of Parliament</p>
The Legislative	<u>Structure:</u> bicameral, consisting of the House of nationalities, Amyotha Hluttaw (224 seats, 168 elected and 56 appointed by military) and the House of Representatives, Pyithu Hluttaw (440 seats, 330 elected and 110 appointed by the military)
The Judiciary	Mixed legal system of common law and customary law is in place
Key political parties	<p>NLD (National League for Democracy, led by Daw Aung San Suu Kyi)</p> <p>USDP (Union Solidarity and Development Party, led by U Than Htay)</p> <p>NUP (National Unity Party, led by U Than Tin)</p> <p>NDP (National Development Party, led by U Nay Zin Latt)</p> <p>DPM (Democratic Party (Myanmar), led by U Thu Wai)</p> <p>NDF (National Democratic Force, led by U Khin Maung Swe)</p> <p>SNDP (Shan Nationalities Democratic Party, led by U Sai Aike Pao)</p> <p>SNLD (Shan Nationalities League for Democracy, led by U Khun Htun Oo) and other ethnically based parties</p>



Appendix

Major deals in the past three years (2016-2018)

Cross-border M&A activity has been high in the last few years. Below is a summary of the major deals broken down by sector:

Oil & Gas

- April 2016 Chinese state-controlled commodity trader Guangdong Zhenrong Energy Co won approval from the Myanmar government to build a USD 3 billion refinery in partnership with local parties, including the energy ministry.
- April 2016 Chevron Corp put its Myanmar gas block, which is worth an estimated USD 1.3 billion, up for sale.
- March 2017 UK firm James Fisher and Sons and Myanmar firm Royal Marine Technology Co Ltd signed a memorandum of understanding to create a joint-venture for entering into the marine industry as well as oil and natural gas sector.
- March 2017 An agreement between PetroChina and Myanmar's government was signed that will allow the Chinese energy company to import oil via the Bay of Bengal and pump it through a pipeline to supply a 260,000-barrels-per-day refinery in Yunnan province.
- May 2017 Puma Energy opened a petroleum products terminal at Thilawa port in partnership with Asia Sun Energy.
- July 2017 Shell and Max Energy, a subsidiary of Max Myanmar Holding signed a license agreement and intend to roll out Shell branded petrol stations in Myanmar.
- August 2017 Private-owned Parami Energy Services Company won the USD 4.8 million tender by Ministry of Electricity and Energy to lease jetty, terminal and storage facilities at Thanlyin refinery in Yangon for importing, storing and distributing of LPG in Myanmar. The Ministry of Electric Power and Energy is targeting to distribute 4,000 tonnes of LPG to 150,000 families in Yangon with Parami Energy.
- October 2017 Local company Yadanar Su received approval to run a liquefied petroleum gas plant in Nyaung Don, Ayeyarwady region, in collaboration with state-owned Myanma Petroleum Enterprise (MPE).
- October 2017 Elite Petrochemical Co.,Ltd was granted permission for the import and distribution of LPG. Elite will invest USD 128 million in the construction of a 20,000-tonne jetty with storage facilities of up to 25,000 tonnes of LPG and up to 100,000 tonnes of diesel and petrol across 49 acres of land in Thilawa SEZ under the Build, Operate and Transfer (BOT) agreement.
- April 2018 Asia AVA Gas Company entered into a joint venture with Myanmar Petrochemical Enterprise (MPE), a remit under the Ministry of Electricity and Energy (MOEE), for the import and distribution of LPG. The project includes initial investment of USD 60 million with storage facilities of up to 12,000 tonnes on 32 acres of privately-owned land in Thalyin Township.

Source: research from public domain

Power

- March 2016 China Three Gorges Corporation partnered the Ministry of Electric Power of Myanmar to develop a wind farm in the country's delta region. Chaungtha Wind Farm Project will be located in Chaungtha in the Ayeyarwady Region.
- October 2016 Japan's JFE Engineering Corporation - a company that provides waste-to-energy solutions - announced its plan to begin production at its 700-kilowatt power plant in partnership with the Yangon City Development Committee (YCDC) by April 2017.
- November 2016 Texas-based Quasar Resources, an energy development company, said it would invest between USD300 million and USD400 million in the Myanmar power sector over the next five years.
- December 2016 New York-based Convalt Energy, a portfolio company of ACO Investment Group, received approval from the Myanmar Investment Commission for a USD480 million investment to set up two solar power plants.
- May 2017 Yoma Micro Power Pte Ltd, a joint venture between Yoma Strategic Holding and Norfund, a Norwegian state-owned investment fund is founded with initial investment of USD2 million.
- May 2017 Great Hor Kham Public Company, an IPO bound Myanmar-based engineering firm secured government approval to invest USD35.1 million in the Nam Paw hydropower project in Muse, Shan State.
- June 2017 TTCL Plc, one of the Thailand's largest listed contractors, is considering investing over USD6 billion in setting up two coal-fired power plant in Myanmar.
- April 2018 Yoma Micro Power Pte Ltd announced the close of USD28 million investment from International Finance Corporation, Norfund and Yoma Strategic Holdings

Manufacturing

- February 2016 Japan's second-biggest automaker Nissan said it would initially use an existing facility of partner Singapore-based Tan Chong Motor Group to assemble the Sunny compact sedan in Myanmar. It would later transfer production to a new plant in the Bago region, which will employ about 300 people and have an annual output capacity of 10,000 cars at full production.
- August 2016 Fujifilm said it would invest USD6 million to set up a facility in Thilawa SEZ to expand sales of its products and services in Myanmar.
- October 2016 Australia's Bluescope Lysaght said it would invest USD6.4 million to set up a steel components manufacturing facility in Thilawa SEZ to meet growing demand from Myanmar's construction industry.
- November 2016 Taiyo Nippon Sanso, a company that produces industrial gases, secured state approval to invest USD11.29 million in Myanmar for the manufacturing and wholesale supply of gases.
- November 2016 US-based Ball Corporation, which produces metal packaging for household and food products, commenced operations in Myanmar where with a USD45 million facility.
- November 2016 Thailand-based TOA Paint secured government approval to invest USD12 million in Myanmar to set up its manufacturing operations.

Manufacturing

December 2016	Automobile makers Ford, Nissan and Lisan set up their assembly units in Myanmar and are gearing up for sales in 2017.
December 2016	Germany-based BASF, a leading chemical company, said it would open its first manufacturing plant in Yangon by 2017 to support the growth of the local construction industry.
January 2017	Nissan Motor and partner Tan Chong Motor (Myanmar) are planning to set up a 10,000 unit assembly at an investment of about USD50 million.
March 2017	Soilbuild Thilawa Co Ltd, an entity under Singapore-based Soilbuild Group, invested USD13.9 million to establish a manufacturing and wholesale facility of steel products in Myanmar.
March 2017	Koryo cable from Korea is planning to invest USD8.2 million to start a cable manufacturing facility in Thilawa SEZ.
April 2017	International Finance Corporation, is considering an equity injection of USD15 million into the brownfield project of Shwe Taung Cement Co Ltd.
May 2017	LS Cable & System, a Korean power cable producer has received government approval to invest USD19 million into a power cable factory in Thilawa SEZ.
June 2017	Japan's Nippon Concrete Industries and Myanmar's Maga Manufacturing Company have opened their concrete pole and pile manufacturing unit in Mawlamyine.
July 2017	Myanmar Motor Corporation Public Company Limited, a Yangon-based company, plans to operate a USD10 million bus assembly and production facility.
July 2017	Japanese food manufacturer, Acecook Co invested USD20 million to open its factory with an annual production capacity of 300 million noodle packs in the Thilawa SEZ. The factory distributes to 26 towns across Myanmar.
August 2017	Ford worked with Capital Automotive Limited and Capital Motors Limited to open a production factory at East Dagon Myothit.
November 2017	Ball Corporation, an American can manufacturer has secured the approval to invest an additional USD26.5 million in its steel and aluminium can manufacturing facility in Myanmar.
November 2017	Century Iron & Steel Industrial, Taiwan's steelmaker and Oji Holdings, Japan's packaging firm are making additional investments in their manufacturing plant in Thilawa SEZ.
January 2018	Nestle invested USD25 million in its local factory located in the Dagon Industrial Zone and is expected to employ additional 150 employees.
March 2018	Eurowindow, Vietnam's leading supplier of doors and facades, plans to invest up to USD120 million in setting up two factories in Myanmar to supply both local and regional demand.
June 2018	Kolao Holdings (HM) Singapore Pte Ltd, a subsidiary of LVMC Holdings, proposed to invest USD9.8 million to produce motor vehicles and motorcycles in Myanmar.

Source: research from public domain

Transport

March 2016	Asia World Group opened the first phase of a new airport terminal in Yangon that will be capable of handling up to 20 million passengers a year. This new terminal is the first of three planned phases of the expansion project worth USD633 million. Singapore's CPG Corporation, which designed the world-class Singapore Changi Airport, helped with the design and planning.
May 2016	IFC, the private lending arm of the World Bank, proposed an equity investment of USD3 million in Oway Group, an online travel booking and on-demand ride-hailing service in Myanmar. Oway Group, which is registered in Singapore, was looking to raise a total of USD10 million by way of debt and equity financing to meet the working capital, operating costs and technology development of its two businesses, OwayTravel and OwayRide.
October 2016	Myanmar Shipyard Dong A Ltd, a Vietnamese-Myanmar joint venture company, and Great Sea Transport and Logistics Company from Myanmar signed a memorandum of agreement to build 30 ships to meet local demand.
December 2016	Japan's ANA Holdings Inc. invested in a new airline venture in Myanmar that aims to start international flights in 2018. ANA has a 49% stake and a local company holds the remainder. The companies made a combined initial investment of USD150,000 in the venture.
August 2017	<p>The Japan and Myanmar government agreed to upgrade the Nyaung-U airport in the Southwest of Mandalay into an international airport.</p> <p>The Japan government will grant USD44 million to construct air facilities, including runways and aprons. A private Japanese company will invest USD30 million in the airport building.</p>
August 2017	Department of Civil Aviation under Ministry of Transport and Communications, invited interested local companies with foreign firms forming the consortium to submit an Expression of Interest for the development, financing and operations of the Heho airport in Shan State, Kawthaung airport in Tanintharyi Region and Mawlamyaing airport in Mon State under the Public Private Partnership (PPP) scheme.
October 2017	Tint Tint Myanmar company launched the water bus service with thirteen boats between Bohtataung and Insein townships.
February 2018	Singapore listed Oxley Holdings, Min Dhama Co Ltd and Beijing based Sino Great Wall Co Ltd was selected by Myanmar Railways to develop the Yangon Central Railway stations area, estimated to cost around USD2.5 billion.
March 2018	Yoma Strategic Holding Ltd signed an agreement with ride-hailing platform, Grab, to upgrade the latter's fleet of taxis and provide vehicle financing to its drivers in Myanmar.
March 2018	KM Terminal and Logistics Limited Myanmar (KTLM), a Kerry Logistics Network (KLN) backed by Hong-Kong based logistic firm is likely to receive an investment of USD15 million from IFC to develop a green field dry port in Myanmar.
May 2018	The Ministry of Construction and the Yangon Regional Government is planning to develop a 47.5km elevated four-lane ring road expressway project in Yangon. The project will require a USD350-400 million investment through a PPP. IFC will undertake due diligence and draft an internationally competitive tender to choose a qualified, experienced private sector developer for the project.

Source: research from public domain

Telecommunications

February 2016	Ooredoo Myanmar secured USD300 million in funding from the Asian Development Bank and IFC for the rollout of its network.
May 2016	IFC proposed a debt and equity investment of USD30 million each (total of USD60 million) in Yangon-based independent tower asset firm, Irrawaddy Green Towers Ltd.
May 2016	Malaysia's OCK Group – a telecom tower infrastructure firm with a branch office in Yangon – said it would invest USD243 million in Myanmar.
June 2016	Overseas Private Investment Corporation, the US government's development finance institution, commenced the initial disbursement of a USD250 million loan to Apollo Towers Myanmar Limited.
August 2016	Thailand's SCI Meta Tech, a subsidiary of SCI Electric Public Company, invested USD20.5 million in a joint venture for the manufacturing of transmission lines and telecom towers in Myanmar.
October 2016	Singapore-listed Myanmar Investco said it is divesting its telecommunications tower business to Hong Kong's Shining Star International Holdings Limited for about USD12.7 million.
November 2016	Malaysia's edotco Group, a fully owned subsidiary of telecom company Axiata, bought an additional 12.5% stake in edotco Myanmar for USD35 million.
January 2017	Viettel Group, a telecommunications company run by Vietnam's defense ministry, said it would invest USD2 billion in a joint venture with local partners in Myanmar after securing the fourth and final mobile license to be issued in the country.
July 2017	Daiwa PI Partners Co. Ltd, a wholly consolidated subsidiary of Daiwa Securities Group Inc., invested USD6.06 mil to acquire an approximate 10% stake in Frontiir Pte. Ltd, a parent company of one of the leading internet service providers in Myanmar.
January 2018	MTG DC Co Ltd, a Yangon based telecom services player is looking to invest about USD24 million over the next year and a half in creating tower infrastructure in Myanmar.
February 2018	Vietnamese telecom company Viettel will make an approximate investment of USD2 billion instead of 1.5 billion to form Telecom International Myanmar Company Limited (MyTel) which will be Myanmar fourth telecom operator, joint together with Myanmar government-owned Star High Public Co Ltd and the MTNH consortium comprising 11 Myanmar companies.
May 2018	TPG-backed Apollo Towers Myanmar reportedly sought majority stake in a merger with rival Pan Asia Majestic Eagle. If successful, the new entity will own more than 3,000 towers and have an enterprise value of at least USD700 million.
June 2018	Singapore listed Myanmar Investco will sell its tower construction company, TPR Myanmar Limited, to Tiger Infrastructure Pte Ltd for USD10.8 million.
June 2018	MyTel, Myanmar's fourth telecom operator officially launched its services and offers 80% of 2G and 4G coverage in the country.
July 2018	Amara Communication owned by a Myanmar conglomerate, IGE Group of Companies, launched a new 4G+ data service in Yangon after it won the 4G licenses auction in the two biggest regions with USD123 million in 2016.

Source: research from public domain

Real estate and hospitality

April 2016	Hong Kong's Future Group Co Ltd and Pyay Phyo Tun International Co Ltd said they would develop a USD150 million international standard sea view condominium and hotel in Myeik, Tanintharyi.
June 2016	Starwood Hotels & Resorts Worldwide Inc entered the Myanmar market with the signing of the 375-room Sheraton Yangon Hotel. Located in the Tamwe township, the property will offer spa, three dining venues, and recreation facilities ranging from a swimming pool to a fitness centre.
October 2016	IFC signed an agreement with United International Group Ltd for a convertible loan of USD13.5 million, which will enable the firm to build new hotels in Myanmar's tourist spots.
August 2016	Thai industrial estate developer Amata Corp said it planned to expand to Myanmar by 2020. Amata is expected to generate about 5% of its 2020 revenue in Myanmar.
November 2016	Hong Kong's H & Co Real Estate Holdings together with a local partner, Mya Bay Development Company, commenced development of Platinum Patheingyi project, which is located near the junction of Ngwe Saung Road and Chaung Tha Road. The project, to be developed at an estimated investment of USD200 million, will include a three-star 155-room hotel, a plaza and some single-family villas.
December 2016	Japan's Super Hotel Co Ltd was awarded a tender by Yangon-listed Myanmar Thilawa Special Economic Zone Holdings Public Ltd for the establishment of a hotel at the Thilawa SEZ.
December 2016	Myanmar conglomerate Eden Group partnered with US-based hotel operator Hilton Worldwide Holdings to set up two hospitality properties in the country with an investment of USD130 million. One of the two hotels will be located in Bagan, Mandalay Region. The other property will be located in Inle in Shan State.
January 2017	Junction City, a mixed-use development located in down town Yangon, said it expected to open its five-star Pan Pacific Hotel in the later part of 2017. The project is jointly developed by Shwe Taung Group, Singapore's Keppel Land and the Pan Pacific Hotel group. Phase one of the USD300 million Junction City project comprises Grade A office, a Pan Pacific hotel and a shopping centre.
February 2017	Yoma Central, the USD718 million real estate development led by Singapore-listed Yoma Strategic Holdings and Yangon-listed First Myanmar Investment Co Ltd, held its ground-breaking ceremony.
March 2017	Bangladesh firm, Crystal Future Venture, will be investing USD1 million into Myanmar's Pan Pacific Hotel.
July 2017	Kyauk Phyu SEZ, with China's state run CITIC Group taking a majority stake, is looking to complete the joint venture agreement for the deep sea port and industrial park project by end of 2017.

Source: research from public domain

Real estate and hospitality

- August 2017 Hantharwady Development Public Company has secured the state approval to invest a total of USD184 million for a mixed-use development comprising of a housing and industrial park project in the Bago Region.
- September 2017 IFC proposed to invest USD3.85 million for Phase One of the Semeikhon river port project in the Mandalay Region.
- September 2017 United International Group Ltd, the owner and operator of Amata Hotels in Myanmar, received USD8.5 million financing from IFC.
- November 2017 General contractor Kajima signed a USD398 million urban development project in Yangon with the Ministry of Construction under a build-operate-transfer arrangement to put up a 21-story office building, a 20-story hotel, a 27-story extended-stay hotel and commercial facilities on ministry-owned land. Floor space will total 170,000 sq. meters.
- January 2018 Asia Myanmar Shining Star Co Ltd, a joint venture between Shining Star Investment Co, Hong Kong and Asia Myanmar Consortium Development Co Ltd, Myanmar was preparing to soft launch its USD180 million mixed use development, Kantharyar Residence in May.
- February 2018 The Ministry of Construction submitted a proposal to borrow USD188 million from the Japan International Cooperation Agency for the construction of low- and medium-cost housing in Yangon, Ayeyarwady, Magway and Sagaing regions. The ministry will build 405 buildings, consisting a total of 11,914 homes in the four regions.
- March 2018 Memories Group Limited, a Singapore-listed Myanmar based tourism company was acquiring Burma Boating, a luxury yacht business which offers cruising services for about USD1 million.
- April 2018 Myanmar firm, Oway travel company raised USD14.7 million from investors including Daiwa PI Partners Co Ltd and International Finance Corporation for business expansion.
- April 2018 IFC proposed to invest USD6 million in a long-term financing facility for Sanctum Inle Resort at Shan state.
- May 2018 Memories Group Limited, a Singapore-listed Myanmar based tourism company acquired a Kayah Resort, located in Loikaw Region for USD2.9 million
- June 2018 The Department of Urban and Housing Development (DUHD) under the Ministry of Construction revealed four “mega development projects” with an approximate investment of USD2.3 billion. These includes the Mandalay Resort City in Pyin Oo Lwin Township, Mandalay Region; the Korea-Myanmar Industry Complex project and the Eco Green City, both in Hlegu Township, Yangon Region and the Smart District Project in Dagon Township, Yangon Region.

Source: research from public domain

Agriculture, livestock and fisheries

- February 2016 The construction of a USD62 million livestock and fisheries standardised wholesale market began in Insein township in Yangon. The Ministry of Livestock, Fisheries and Rural Development and private construction companies agreed upon the construction of the 64.54-acre project for 500 retail shops.
- February 2016 Japan headquarters Marubeni invested USD18.5 million in a fertiliser processing facility in Myanmar's Thilawa SEZ.
- March 2016 BMM Venture (S) Pte Ltd, a venture between Japanese Mitsui & Co Ltd and Behn Meyer, a major distributor of chemicals in Southeast Asia, will be investing USD10.5 million in Myanmar with a local partner, Myanmar Agribusiness Public Corporation (MAPCO). The two parties formed Agri First Co Ltd to manufacture and distribute imported fertilisers .
- September 2016 IFC extended a financing facility of USD10 million to Myanma Awba Group Company Ltd for the development of a crop protection plant.
- September 2016 The Netherlands-based De Heus, a global leader in the animal feed business, invested Euro10 million in a greenfield production facility in Myanmar. The plant will focus on the production and distribution of animal feed.
- November 2016 Thailand's CPP Fertilizer Co Ltd said it would invest USD10.5 million in the manufacturing and wholesale of fertiliser in Myanmar.
- November 2016 Thai Central Chemical Public Co Ltd (TCCC), a fertiliser producer based in Thailand, said it would import, manufacture and carry out the wholesale trade of fertiliser products in Myanmar with an investment of USD12.5 million.
- November 2016 Buhler, a company that provides industry solutions and technology for the commodity food, feed and renewable energy sectors, received permission to invest USD5.2 million in Myanmar for the service and trading of agriculture machines.
- February 2017 Japanese diesel engine manufacturer Yanmar entered a joint venture agreement with Mitsui & Co, a general trading company, to provide agricultural solutions in Myanmar. The two planned to invest USD6 million in the project.
- April 2017 New Hope Singapore Pte Ltd, a subsidiary of New Hope Liuhe Co Ltd, China's largest animal feed maker, is investing USD10 million into poultry farming in the Bago Region.
- July 2017 Sun Jin, a leading South Korea live stock and animal feed company, is investing USD3 million in Myanmar to set up a breeder farm business.
- October 2017 Global Agriculture JV Co Ltd was granted approval for investment of USD115 million into the plantation, production and sale of teak in the Bago and Yangon region.
- January 2018 Myanmar Sugar Development Public Co Ltd secured state approval to invest USD20 million to set up a sugar mill in the Kathar Township, Sagaing Region, to produce sugar for local consumption and by products, power and ethanol.

Source: research from public domain

Agriculture, livestock and fisheries

- March 2018 Impact Terra, a Myanmar-based agriculture and fintech enterprise received nearly USD3 million in grant funding to lead the digitisation of smallholder farming.
- April 2018 Yoma Bank is extending a USD2.6 million financing facility to Maha Agriculture Public Co Ltd, a subsidiary of Myanma Awba Group, to expand its micro finance operations.
- July 2018 Myanmar Premium Distribution has formed a joint venture with financial advisory, Trust Venture Partners, to acquire the vegetable growing business of Myanmar PAT Co Ltd, a subsidiary of Singapore-based PAT Shareholding Pte Ltd.

Food and beverage, consumer and retail

- March 2016 Gloria Jean's said it planned to expand its franchise in Myanmar by opening more branches across cities. The coffee franchise already has two branches in Yangon, one in Myanmar Plaza and another in Yangon's new international airport terminal.
- April 2016 Myanmar approved an investment by Japan's Yakult Honsha Co Ltd for the manufacturing and wholesale of fermented milk drinks. The manufacturing plant would be located in Thilawa Special Economic Zone covering 20,800 square meters of land.
- May 2016 Shwe Taung Group is diversifying into the food and beverage space by partnering with Singapore Breadtalk Group. BreadTalk is planning to enter Myanmar via a franchise agreement. According to the agreement, Myanmar Bakery Co Ltd, party of Shwe Taung Group, will be the master franchise for the BreadTalk bakery chain and will develop and operate the brand in the country.
- August 2016 Aeon Co Ltd partnered with Creation Myanmar Group of Companies Limited (CMGC) to operate a supermarket in Myanmar with a capital of USD8 million. The new venture, Aeon Orange Co Ltd said it would acquire 14 supermarkets that is operated by CMGC through its affiliate, Hypermarket Asia Co Ltd.
- September 2016 Investment firm Anthem Asia invested in Rangoon Tea House, an award winning local restaurant in Myanmar.
- November 2016 Taiwan's SheenHo International Creation Group awarded a master franchise to a local company, Creation Strength Co Ltd, which planned to invest about MMK1.3 billion and open up to 20 branches over five years.
- December 2016 Singapore-listed Myanmar Investco Limited, a diversified business group focused on Myanmar, signed an agreement to operate retail space at the new terminal of Yangon International Airport.
- February 2017 Singapore-listed Yoma Strategic Holdings Ltd partnered with Germany's Metro Group, an international wholesale and food retail company, to establish an integrated wholesale distribution platform in Myanmar.
- May 2017 Unilever Myanmar and Europe & Asia Commercial Company (EAC) Ltd combined their Personal Care & Home Care businesses, by forming a joint venture, Unilever EAC Myanmar Company Limited.

Source: research from public domain

Food and beverage, consumer and retail

- October 2017 Singapore listed Thai Beverage Public Co acquired 75% equity interest in Myanmar Supply Chain and Services Co and Myanmar Distillery Co, the largest whiskey distillery business in Myanmar - 50% was acquired from TPG, an international private equity firm who invested in MDC two years earlier, and the remaining 25% from the Myanmar shareholders. The sale valued the business at USD989 million.
- October 2017 Tokyo-based seasoning brand, Ajinomoto, will be investing an additional USD35 million for the expansion of its business after completion of their packaging plant construction in Myanmar
- April 2018 Food2U, a Myanmar food delivery platform, has raised a six-digit investment from Premium Distribution.
- May 2018 MIC approved a wave of investments from Diamond Dragon Co Ltd, Singapore's Fraser & Neave and US coffee chain Starbucks in Myanmar.
- May 2018 Pernod Ricard, the world's second largest wines and spirits company, established a joint venture with Myanmar Distribution Company Ltd (AMDC), the current joint venture between Yoma Strategic, Win Brothers and Delta Capital Myanmar. AMDC will provide Pernod Ricard with access to over 43 major wholesalers, approximately 230 delivery vehicles and around 250 staff.

Technologies

- October 2016 Singapore-based Burst Networks received approval to build a data center and network facilities in Myanmar's Thilawa SEZ and plans to raise USD12 million for the project.
- October 2016 FPT Myanmar, a wholly-owned subsidiary of Vietnamese tech company FPT Corporation, signed an agreement with Myanmar Payment Union to work on a 10-year national level project to improve payment services in the country. FPT Myanmar said it planned to invest about USD50 million in Myanmar up to 2018.
- November 2016 Vietnam-based AntBuddy, an app that provides a unified communications platform for businesses, said it was looking to expand in Southeast Asia and had recently signed an agreement for a partnership to enter the Myanmar market.
- December 2016 Singapore-headquartered code2LAB, a mobile-based solution provider for restaurants that is primarily focused on the Myanmar market, said it was on track to close a USD500,000 investment from Globalway Ventures.
- December 2016 XL Innovate, a venture fund of global insurance company XL Catlin, made a USD4 million series A investment in Swiss-based Stonestep, a property and insurtech startup, for its Asia expansion. Stonestep said its first venture in Asia would be in Myanmar.
- February 2017 Thailand's fintech startup T2P signed a partnership deal with Myanmar's City Mart Holdings Co Ltd, a local retail chain.
- March 2017 Grab launched a trial of its taxi-hailing service in Myanmar.
- May 2017 Uber entered Myanmar with a licensed taxi service.
- May 2017 National Bank of Canada acquired a 22% stake in Myanmar-based mobile payment firm, ONGO.

Source: research from public domain

Technologies

- July 2017 Myanmar Technology Gateway, a local technology service provider, and Malaysian firm, Numix Engineering, is investing USD2.5 million for satellite teleport to roll out nationwide VSAT broadband service by end of 2017.
- July 2017 iSentric Limited acquired My Play Company Limited, a mobile game developer and publisher for USD4.5 million.
- September 2017 Ooredoo Myanmar launched its mobile wallet, M-Pitesan, which offers nation-wide money transfer and bill payment services in its first two years.
- December 2017 GMBX, a data centre services provider, plans to invest USD5 million into the second data centre in Myanmar.
- June 2018 MySQUARE Ltd, a Myanmar language social media, entertainment and payment platform, acquired MyPAY Myanmar Ltd, a payment operator for a consideration of USD2 million.

Banking and finance

- March 2016 Myanmar granted operating licenses to four Asian banks, bringing the number of foreign banks allowed to conduct business in the country to 13. Bank for Investment and Development of Vietnam, State Bank of India, Taiwan's Sun Commercial Bank and South Korea's Shinhan Bank were granted preliminary licenses
- October 2016 TrueMoney, a Thailand-based online payment company, and a subsidiary of the Ascend Group, launched its inbound money transfer service – TrueMoney Myanmar with a network of 3,000 agents nationwide. The service allows real-time fund transfer from Thailand to Myanmar, and is targeted at Myanmar migrant workers in Thailand.
- November 2016 Myanmar Finance International Limited (MFIL), a microfinance joint venture with AIM listed Myanmar Investments International (MIL), received a USD million loan from Malaysia's Maybank to expand its portfolio in the country.
- November 2016 Hayman Capital Co Ltd, a deposit taking microfinance institution backed by Singapore-based investment company Hayman Capital Pte Ltd, said it planned to raise about USD4 million debt capital in 2017 to expand its business in Myanmar.
- November 2016 Wave Money, a joint venture between Telenor, FMI and Yoma Bank, launched a mobile financial service in Myanmar. Wave Money is the first company to receive a license under new regulations released by the Central Bank of Myanmar.
- March 2017 Myanmar mobile payments firm MyPay Ltd acquired Singapore's Fastacash, a social and mobile payment platform to remit money.
- April 2017 Hayman Capital Co Ltd, a deposit taking microfinance institute, has raised its first debt investment of USD1 million from the Yangon branch of Malaysia's Maybank.
- May 2017 Overseas Private Investment Cooperation is making a debt capital investment of USD5 million in Early Dawn Microfinance Co Ltd.
- May 2017 Microfinance firm MFIL raised an additional USD1 million debt facility from May Bank.

Source: research from public domain

Banking and finance

June 2017	MFIL secured a USD1 million loan from Symbiotics SA, an investment advisory and portfolio management service firm.
September 2017	Proximity Design, a Yangon-based social enterprise which also runs a microfinance unit, signed a funding agreement with Yoma Bank for USD5.38 million.
March 2018	Yoma Strategic Holdings announced its acquisition of a 34% stake in Digital Money Myanmar Co Ltd (Wave Money) from affiliate firm, First Myanmar Investment Co Ltd, for USD19.4 million.
March 2018	Yangon-based private equity firm, Delta Capital Myanmar, invested USD7 million for a significant minority stake in Myanmar-based lender, Easy Microfinance, backed by international investment group Meridian Capital. Easy Microfinance plans to open new branches and grow its loan portfolio.
May 2018	Overseas Private Investment Corporation, extended a USD10 million financing package to Myanmar's Early Dawn Microfinance Ltd.
May 2018	Myanmar Credit Bureau Limited received a Central Bank licence to become the country's first credit agency. The bureau is a joint venture between Myanmar Bank Association and a Singapore-based firm, Asian Credit Bureau Holdings. The capital requirement involved was least USD2.2 million and the bureau is expected to be operational within a year.

Others

April 2016	Australia-based Titeline Valentis Limited received government approval to invest USD26.7 million to provide exploration- drilling services in Myanmar.
December 2016	Aktio Corp, a Japanese construction equipment rental company, committed to invest USD7 million in Myanmar for the rental of construction machinery.
February 2017	Australia-based TYTC Services Co said it would invest USD16.29 million to establish a collection and transportation system for waste in Yangon.
February 2017	Myanmar's first cable car at Zweekabin Mountain in Kayin State began construction at an investment of USD12 million. Zweekabin Myay Development Company and Chit Lin Myaing Toyota Company signed the agreement for the project.
May 2018	Myanmar Strategic Holdings acquired EXERA, a Yangon-based safety and security services provider for USD2.2 million.
July 2018	Kaplan Myanmar University College, a subsidiary of US educational programme provider, Kaplan Inc, opened its wholly-owned campus after the MIC permitted foreigners to make full capital investments in private schools in April. Kaplan targets to achieve 1,000 students within one year.
July 2018	MIC approves USD52 million investment by an Asian financial investor into the leading K-12 private education provider in Myanmar, International Language & Business Centre (ILBC).

Source: research from public domain

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The materials contained in this publication were assembled as of end July 2018 and were based on the law enforceable and information available at that time.