

# U.S. Country Commercial Guides



Myanmar 2019

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## Doing Business in Myanmar

### Market Overview

Myanmar is an emerging frontier market, strategically located in Southeast Asia between India and China. The National League for Democracy (NLD)'s landslide victory in the November 2015 election was a major step forward for Myanmar's political and economic future. Recent legislation, such as the Foreign Investment Law and New Companies Law, among other economic reforms continue to advance the country's economic development.

#### Myanmar or Burma – Which Name to Use?

Either name can be used to refer to the country, as the constitution does not mandate either name. However, the Government of Myanmar only uses Myanmar; that name is featured on all official government letters and documents.

#### U.S. – Myanmar Trade

The United States is the 6<sup>th</sup> largest source for imports for Myanmar. U.S – Myanmar trade has increased dramatically since 2012. The United States goods trade surplus, from as recently as 2015, has now turned into a sequence of deficit: \$52 million in 2016, \$155 million in 2017, \$234 million in 2018.

#### 2019: U.S. trade in goods with Myanmar

NOTE: All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted unless otherwise specified. Details may not equal totals due to rounding. Table reflects only those months for which there was trade.

Month	Exports	Imports	Balance
January 2019	22.8	45.7	-23.0
February 2019	31.3	58.5	-27.2
March 2019	23.7	63.1	39.4
April 2019	27.7	50.5	-22.9
May 2019	21.7	63.0	-41.4
<b>TOTAL 2019 (YTD upto May)</b>	<b>127.1</b>	<b>280.9</b>	<b>-153.8</b>

## **Why Myanmar Now?**

### Timely

With a rich natural resources base, a population of 53 million, a young labor force and a prime geographic location with regional links to other member countries in the Association of South East Asian Nations (ASEAN) as well as China and India, Myanmar is the subject of great interest from the international business community. With the termination of U.S. economic sanctions in 2016 and new economic reforms coming on line, now could be the right time for U.S. firms to consider Myanmar as a potential market.

### Growing Economy

The World Bank projects economic growth will be 6.2 percent in FY 2018-2019 (a slight decrease in previous years' projections). Myanmar's economic policy continues to emphasize the following: new opportunities for private sector participation, boosting job creation, development of three special economic zones (SEZs) and promoting foreign investment by welcoming foreign companies into the country for fair market competition to speed up and sustain economic growth.

### Great Interest in U.S. Products

Given Myanmar's five decades of isolation, there is a need for a wide array of product and services across multiple sectors. U.S. products, brands and services are viewed favorably by Myanmar society and businesses. The Commercial Service Myanmar is regularly approached by local companies actively seeking U.S. suppliers in various sectors.

### First-Mover Advantage

As ASEAN's poorest country, the Myanmar market tends to get overlooked. While operating in Myanmar is challenging, one positive aspect is the market is not saturated. There is not always strong competition across sectors. Local knowledge and market positioning can be gained by early movers and can provide a significant competitive advantage.

## **Market Challenges**

As a frontier economy, Myanmar faces market challenges and obstacles. Obtaining accurate and relevant market and financial data can be onerous. Demand for well-educated and trained workers outstrips supply. Government staff can be overwhelmed due to the spike in interest from foreign governments, NGOs, and multinational businesses. Weak infrastructure remains a barrier to growth. Only 40 percent of the road network is paved and 20 million people, half of the rural population, do not have access to all-weather roads.

According to the Asian Development Bank, \$120 billion will be needed by 2030 to improve infrastructure and add needed roads, rail, bridges and airports. About 77 percent of the population has no access to financial services, according to consultancy Roland Berger. A large part of Myanmar's foreign investment is concentrated in the oil, gas, power, and telecom sectors, according to an analysis by the World Bank, with manufacturing accounting for less than 10 percent of GDP.

### Reputational Risk

Since late 2017, the Myanmar market has been subject to growing "reputational risk" in the wake of the Rakhine situation. In August 2017, a small militant group representing a Muslim minority - the Rohingya - with a long history of discrimination by Myanmar's Buddhist majority, launched a violent attack in Rakhine State, a western region of Myanmar bordering Bangladesh. The response by the Myanmar military to this attack was swift and disproportionate. Ultimately, the protracted military response - amid

widespread international condemnation – forced 700,000 Rohingya out of the country. This unresolved situation continues to be a setback for Myanmar’s political and economic progress and has had significant impact on the market outlook - particularly for some U.S. companies. Some Western firms may still be hesitant to enter the market due to Myanmar’s current “reputation.” U.S. companies should be mindful of this situation while considering the Myanmar market.

In this context, some of Myanmar’s Asian partners have seized the opportunity to pressure Myanmar into an exclusive “Look East” stance. Despite this attempt to suggest that U.S. and Western firms have “given up” on Myanmar, U.S. firms are still interested in Myanmar and continue to carefully explore the market for trade and investment opportunities.

Market challenges that Myanmar has begun to address, include:

- Poor infrastructure including communications and transportation network
- A weak educational system and unskilled work force
- A legal and regulatory system that relies on practices and government discretion rather than written laws
- A small and inexperienced financial sector and shallow domestic capital market
- An evolving economic policy
- Limited supply of electricity, outside major urban areas
- No standard law on public-private partnerships (PPP)
- Weak intellectual property laws with limited implementation
- Weak rule of law and property rights; the judiciary is not independent and lacks experience with commercial litigation and arbitration

## **Market Opportunities**

After the lifting of U.S. sanctions in 2016, U.S. - Myanmar commercial relations started to grow. Despite the possibility of targeted sanctions in the wake of the Rakhine situation, bilateral commercial ties still hold promise. As one of the least developed countries in Asia, Myanmar has market opportunities in nearly every sector, including energy, healthcare, financial services, franchising, infrastructure, transportation, telecommunications, professional services, agriculture and tourism. Specifically, U.S. firms specializing in medical equipment, power-generation, renewable energy, processed foods, technological services, resource extraction, refining facilities, auto parts, chemicals, computers, textiles, fertilizer and animal feed will find export potential in Myanmar. The sectors that currently present the greatest opportunity for U.S. exporters are: energy, financial services (including insurance), healthcare, environmental technologies, consumer goods and franchising.

According to the Boston Consulting Group, 10 million Myanmar will achieve middle class status by 2020. As incomes rise, demand for U.S. consumer goods is expected to grow in step. Most optimistic estimates project a quadrupling of Myanmar’s GDP by 2030 during which the urban population is expected to double. Such dramatic growth is far from assured and assumes significant investment in upgrading the country’s infrastructure. In the long term, domestic consumption in Myanmar will provide important business opportunities for U.S. firms.

Some of the U.S. companies and brands that have already entered the Myanmar market are: Ball Corporation, Baker & Mackenzie, Caterpillar, Chevrolet, Chevron, Coca-Cola, Colgate-Palmolive, Ford, GE, Honeywell, Hilton Group, KFC, MasterCard, PepsiCo, Krispy Kreme Doughnuts, RMA Group and Visa.

## **Market Entry Strategy**

U.S. businesses should consult with the Commercial Service Myanmar at the U.S. Embassy in Yangon or reputable business consultants and lawyers to determine the most appropriate entry strategy for Myanmar. Given the complexities of the market, a local partner is highly recommended.

The Commercial Service in Yangon provides business counseling and a series of commercial programs to assist U.S. companies: Initial Market Check (IMC); Gold Key Match-Making Service (GKS); International Company Profile (ICP); International Partner Search (IPS); Single Company Promotion (SCP); International Buyers Program (IBP) and Advocacy Services.



## **Political Environment**

For background information on the political and economic environment of the country, please see:  
<https://www.state.gov/u-s-relations-with-burma/>.

## **Selling U.S. Products & Services**

### **Using an Agent to Sell U.S. Products and Services**

The Commercial Service Myanmar strongly advises U.S. businesses to consult with locally based professional service providers, including law firms (see Local Professional Services below), for conducting due diligence on potential agents or distributors. This is critical because Myanmar lacks the equivalent of a Better Business Bureau and there is very little publicly available information on local companies. The Commercial Service Myanmar can also assist U.S. companies find appropriate agents and distributors in Myanmar through its matchmaking services.

### **Establishing an Office**

The Foreign Investment Law passed in November 2012 allows foreign investors to establish private companies, branch offices, or representative offices in Myanmar. Under the new Myanmar Investment Law (enacted in October 2016), foreign investment is restricted only in a small number of sectors, and foreign investors are free to negotiate their own capitalization requirements in a joint venture, subject to the approval of the Myanmar Investment Commission (MIC). The Foreign Investment Law is administered by the MIC and includes:

- Certain tax benefits including a five-year corporate tax exemption
- Company equity transferable with permission of MIC
- Guaranteed protection against expropriation
- Guaranteed remittance of equity upon investment exit
- Guaranteed remittance of profits
- Permission to lease land up to 50 years (depending on type of enterprise) with two 10-year extensions possible

To set-up a Joint Venture Company or Foreign Branch/Representative Office companies, please visit to the [Directorate of Investment and Company Administration's \(DICA\) "How to Register Your Company" webpage](#).

The Directorate of Investment and Company Administration (DICA) launched online registration for companies through Myanmar Companies Online (MyCo) electronic platform on August 1, 2018. Companies are now able to register or renew their registration online, significantly reducing the processing time and requiring fewer supporting documents. For guidelines for the online registration through MyCo, please visit to the [Guideline for the Registration and Re-registration of Companies on Myanmar Companies Online \(MyCo\)](#).

### **Franchising**

Myanmar welcomes foreign franchises from across the world. The legal framework for franchise agreements remains a work in progress. For more information on franchising, please see the opportunities under the Leading Sectors for U.S. Exports & investments.

### **Direct Marketing**

Direct marketing as a form of multi-level marketing exists in Myanmar. However, this sector is still fairly novel and small. The digital marketing with Facebook in particular, is a rapidly evolving and effective marketing platform for companies of all sizes.

## **Joint Ventures/Licensing**

Foreign companies may enter joint ventures with Myanmar individuals, companies, or state-owned enterprises. Investment with 100 percent foreign ownership is permitted for most business activities. Foreign investments in a limited number of activities require a local partner; however, even in restricted sectors, foreign ownership of up to 80 percent is permitted in most cases. U.S. businesses should consult with locally based legal and business consulting firms to determine the specific rules and regulations that apply to their proposed investment or business activity.

## **Selling to the Government**

U.S. firms can sell products and services to the Government of Myanmar, but there are certain restrictions under remaining sanctions, such as exports of arms to Myanmar under the International Traffic in Arms Regulations (ITAR). Further details can be seen on the [U.S. Department of the Treasury's Office of Foreign Assets Control \(OFAC\) website](#).

### ***Advocacy***

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies.

The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Click here for more information: <https://2016.export.gov/advocacy/>

## ***Multilateral Development Banks and Financing Government Sales***

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). Please refer to the Project Financing Section in Trade and Project Financing for more information. A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#).

The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

## **Distribution & Sales Channels**

Distribution networks in Myanmar are fragmented and unreliable outside metropolitan areas. This is changing with the entry of international general and specialized logistics services. The majority of the retail market is comprised of small and medium sized businesses.

Yangon is the major distribution center for goods imported by sea and air. Mandalay is the distribution hub for upper Myanmar, especially for goods imported by land from China and Thailand.

The Yangon Port terminal is Myanmar's premier port and covers over 90 percent of export and import maritime cargo, serving as a main logistics hub for both the city and the country. According to the PwC report "Transforming Yangon/ The Heart of Myanmar" issued in 2018, the current port capacity of Yangon Main Port is less than 1,000,000 TEUs and the Thilawa Area Port has a capacity of 800,000 TEUs. By 2030, the total container throughput is forecast to exceed four million TEUs annually.

## **Express Delivery**

The Government of Myanmar granted a significantly increased number of permits to privately owned postal companies in June 2018 allowing the courier service market more attractive and more competitive for foreign investors. Connectivity to the rest of Southeast Asia is steadily improving.

## **Selling Factors**

Imported products are perceived as having much higher quality than locally-made products, a sentiment which largely stems from consumer experience with inferior quality products produced by government-run enterprises. In terms of customer service level, local players need to improve their service level when compared to international or even regional practices. Products of U.S. origin are considered high quality and are highly sought after though higher price points remain an impediment to gaining market share.

## **E-Commerce**

E-commerce may be a recent phenomenon to the people of Myanmar but the industry is making good progress especially in retail sales, real estate and automobiles. Internet penetration is primarily driven via smart phones. Nearly 40 million of the country's total population use mobile phone and 80 percent have access to smart phones, which helps grow access to mobile payment platforms. Social media networks like Facebook and Instagram are being used as quick and cheap tools to market and sell retail products.

## **Trade Promotion and Advertising**

Below is a partial list of web links to local newspapers, trade publications, trade promotion organizations, radio and television broadcasters, as well as contact information for a number of advertising and marketing companies. The U.S. Embassy in Yangon assumes no responsibility for the professional ability or integrity of the persons and companies whose names appear in the following list in alphabetical order.

### **Advertising and Marketing Contact Information**

[7day Daily](#)

[E-Trade Myanmar](#)

[Eleven Myanmar](#)

[Frontier Myanmar](#)

[Latest Myanmar News](#)

[Ministry of Commerce of the Republic of the Union of Myanmar](#)

[Ministry of Foreign Affairs](#)

[Myanmar Business Network](#)

[Myanmar Business Today](#)

[Myanmar Insider](#)

[Myanmar Visa](#)

[Nikkei Asian Review](#)

[The Myanmar Times](#)

[Union of Myanmar Federation of Chamber of Commerce and Industry](#)

For more information on advertising companies in Myanmar, please see the [American Chamber of Commerce's \(AmCham\) Myanmar website](#).

## **Pricing**

The market is highly price sensitive, however, consumer expectations of quality continue to grow in step with their incomes. U.S. firms should be mindful of price sensitivity with Myanmar's neighboring trading partners. Retail prices depend on fluctuating exchange rates and the irregular availability of consumer

goods transported from China, Thailand, Singapore, and other regional centers. Real estate prices in urban areas and expensive transportation costs are impacting margins.

### **Sales Service/Customer Support**

After sales service and customer service, though lagging behind international standards, continue to improve in sectors which have foreign competition. U.S. firms have a competitive edge due to their reputation for quality products and post-sales service reliability.

### **Protecting Intellectual Property**

Several general principles are important for effective management of intellectual property (IP) rights in Myanmar. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Myanmar than in the United States. Third, rights must be registered and enforced in Myanmar under local laws. For example, your U.S. trademark and patent registrations will not protect you in Myanmar.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Myanmar. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Myanmar law. The [AmCham Myanmar's website](#) maintains a list of lawyers as well as other local service providers.

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It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Projects and sales in Myanmar require constant attention.

It is also recommended that small- and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations in both Myanmar and the United States. These include:

- [Biotechnology Innovation Organization \(BIO\)](#)
- [International Anti-Counterfeiting Coalition \(IACC\)](#)
- [International Intellectual Property Alliance \(IIPA\)](#)
- [International Trademark Association \(INTA\)](#)
- [National Association of Manufacturers \(NAM\)](#)
- [Pharmaceutical Research and Manufacturers of America \(PhRMA\)](#)
- [The Coalition against Counterfeiting and Piracy](#)
- [The U.S. Chamber of Commerce](#) IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline at **1-866-999-HALT** or visit [STOPfakes.gov's website](http://STOPfakes.gov's website).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the) at **1-800-786-9199**.
- For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the [“Resources” section of the STOPfakes’ website](#).
- In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please see the U.S. Department of Commerce’s articles on [Protecting Intellectual Property](#) and also [Corruption](#).

## **Due Diligence**

U.S. companies are advised to utilize the services of local and international professional services companies which specialize in performing due diligence services because of a lack of readily available market and financial data related to potential partners.

## **Local Professional Services**

Since 2013, many business consultancies and legal, accounting, and market research firms have opened in Yangon. [AMCHAM Myanmar’s website](#) for more details about AMCHAM Committees by category.

## **Principal Business Associations**

- [Myanmar Computer Industry Association](#)
- [Myanmar Computer Professionals Association \(MCPA\)](#)
- [Myanmar Engineering Society \(MES\)](#)
- [Myanmar Shrimp Association](#)
- [Myanmar Garment Manufacturers Association](#)
- [Myanmar Hotelier Association](#)
- [Myanmar Industries Association](#)
- [Myanmar Medical Association \(MMA\)](#)
- [Myanmar Pharmaceuticals & Medical Equipment Entrepreneurs Association](#)
- [Myanmar Pulses, Beans & Sesame seeds Merchants Association](#)
- [Myanmar Petroleum Trade Association](#)
- [Myanmar Rice Federation \(MRF\)](#)
- [Myanmar Retailers Association](#)
- [Myanmar Women Entrepreneurs’ Association](#)
- [Union of Myanmar Travel Association \(UMTA\)](#)

- [Myanmar Young Entrepreneurs Association \(MYEA\)](#)

### **Limitations on Selling U.S. Products and Services**

There are no specific limitations by the Government of Myanmar on selling U.S. products and services.

### **Web Resources**

The following websites have sector-based information to assist you with your due diligence:

[Directorate of Investment and Company Administration \(DICA\)](#)

[Ministry of Education](#)

[Ministry of Electricity and Energy\)](#)

[Ministry of Health and Sports](#)

[Ministry of Hotels and Tourism](#)

[Ministry of Natural Resources and Environmental Conservation \(Mining\)](#)

[Ministry of Transport and Communication](#)

[Central Bank of Myanmar](#)

[Yangon City Development Committee \(YCDC\)](#)

## Leading Sectors for US Exports & Investments

### Energy

#### Overview

It is essential that the Government of Myanmar continues to reform and expand its energy infrastructure to support the country's continued economic growth. Currently, less than 40 percent of Myanmar's population has access to electricity while 37.2 percent of the total population in FY 2016-2017 and 34 percent in FY 2015-2016 consumed power.

According to the Ministry of Electricity and Energy (MOEE), the annual need for power consumption in Myanmar is increasing annually from 15 percent to 17 percent. To fill the gap of energy needs, the GOM plans to implement an energy mix that includes hydropower, natural gas, coal and renewable energy to distribute electrical power sufficiently.

The country's electricity originates from 83 power plants, including 62 hydropower stations, 20 gas-fired plants and 1 coal power plant. The average generation cost of hydropower varies from Myanmar kyats (MMK) 35 to 70 per kilowatt hour while gas costs vary from MMK 120 to 130 per kilowatt hour. In June 2019, MOEE announced to the public new electricity tariff rates, effective from July 1, 2019 which could be considered as a sustainable solution for future energy generation. The new tariff pricing is dependent on electricity consumption units and has been categorized by domestic and industrial channels, in which the latter has been priced much higher (an increase of over 50 percent) than the former. Even though guaranteed access to stable and enough electricity supply in Myanmar is challenging, businesses and manufacturers expect secure and stable power supply over the long term, especially in light of the new electricity tariff rates.

The Government of Myanmar, in conjunction with the Myanmar Energy Master Plan (MEMP), and the Myanmar National Electrification Plan (NEP) have established benchmarks to provide 47 percent sustainable power in 2020, 76 percent in 2025 and 100 percent in 2030. In order to accomplish this goal, a grid electrification rollout and off-grid program will be implemented under the NEP. A total investment of \$5.4 billion will be required to initiate the electrification rollout and \$40 billion will be required for investment concerning the transmission and distribution portions. The proposed investment for the distribution alone is approximately \$670 million of which the World Bank will provide \$400 million. Another \$270 million will be required to supply approximately 1.7 million households with electricity from 2015 to 2019.

As of May 2018, the Directorate of Investment and Company Administration (DICA) states that the cumulative approved FDI in the power sector is \$21 billion. This represents the second highest ranking sector, accounting for 27.5 percent of total FDI.

In the energy sector, MOEE is taking a key role in establishing and implementing policies, rules and regulations related to electrification, oil and gas development and promoting foreign direct investment across the sector and it also oversees the MEMP and the NEP. Under the umbrella of MOEE, there are seven electricity-related departments: the Department of Electric Power and Planning (DEPP), the Department of Hydropower Implementation (DHPI), the Department of Power Transmission and System Control (DPTSC), the Department of Electric Power Generation Enterprise (EPGE), the Department of Electricity Supply Enterprise (ESE), the Yangon City Electricity Supply Corporation (YESC), and the Mandalay Electricity Supply Corporation (MESC).

*Public-Private Partnership:* Private participation in the energy sector is forecast to increase in the upcoming years, enhanced by the GOM's signing of executive power purchase agreements (PPAs) for five gas-fired plants in early 2016. A good example of a PPA with the government is the Myingyan power plant, worth \$315 million, representing a significant milestone for private energy investment.



	2015	2016	2017	2018	2019	2020
Peak Demand (MW)	2,490	2,802	3,075	3,587	4,032	4,531
Generation Capacity	-	-	3,100	3,539	?	?
Gap (Reserve Margin)	-	-	-	-48	?	?

Source: Ministry of Electricity and Energy

	Hydropower	Coal-fired	Gas-fired
Number of Installed plants	62	1	20
Installed capacity in MW	3,033	120	1,823
Number of proposed plants	51	10	1
Proposed capacity in MW	46,000	7,994	270
Number of ongoing plants	7 ( out of planned 51)	1	2
Capacity of ongoing plants in MW	1,656	405	625

Source: ADB, Myanmar Energy Assessment, Strategy and Road Map

### Leading Sub-Sectors

The Ministry of Electricity and Energy (MOEE) is drafting a renewable energy law by aiming to generate 8 percent of the country's electricity through renewable sources by 2021. The target is for 12 percent of all electricity generated in Myanmar to be renewable by 2025. Currently, Myanmar has a total installed capacity of approximately 3,300 Megawatts by renewable energy sources. As Myanmar has an abundance of renewable energy resources with 50 percent of land covered by forest and four major rivers flowing across the country, there is potential that, if renewable energy sources were managed efficiently, Myanmar could meet its future energy requirements for sustainable development in the country.

Among renewable energy sources in Myanmar, hydropower currently plays a major role and, in the future, solar and wind energy will play key roles to fulfill the additional energy requirements while mini-grids and/or micro-grids will fill the gap of energy requirements in remote areas.

*Hydropower:* Myanmar's four main rivers, the Ayeyarwady, Chindwin, Thanlwin and Sittaung represent an untapped natural energy resource. The Asian Development Bank (ADB) stated that Myanmar has significant hydropower potential, more than 100,000 MW of installed capacity. Myanmar possesses 7.7 percent of the hydropower resources in Asia; hydropower plants generate almost 62 percent of Myanmar's power. The Government of Myanmar has mapped out potential locations for 41 new power projects which will be under construction during FY 2016-17 to FY 2030-31.

The new power plants are being built to increase electricity generation capacity to 29,000 MW by 2031. New projects have to also take into consideration that during the dry season heavy reliance on hydropower could lead to shortages in power supply.

According to the policies set by MOEE, electricity generation from hydropower is still a key part of the

long term plan for the country's energy needs while gas turbine power generation is a key to the short term plan. According to the government's 2030 plan, it will reduce the reliance on hydropower to 57 percent, on coal to 30 percent and on non-hydro renewables to 8 percent (with solar power 5 percent).

According to MOEE, one hydropower project with 9MW Yazakyo project in Sagaing region is under implementation in 2018; there will be two additional projects in the upper Kyaing Taung and upper Yeywa region in Shan State with 51MW and 280MW respectively, which will be implemented during 2019-2021 through the national budget, overseas loans or private investment.

The GOM is facing certain challenges implementing hydropower projects, concerning environmental impact issues, extensive project construction timelines, unpredictable weather conditions, insufficient financial support, defects in aging transformers and limited coal production, according to the MOEE.

*Solar:* Myanmar has tremendous solar resources potential, especially in the middle of the country and extensive dry zones. Mini-grids and solar energy home systems are renewable energy solutions that could solve power shortage problems in rural communities because they are not directly connected to the electric power grid. As a result, the government is committing sizable resources for off-grid renewables. The overall potential for solar power is approximately 51,973 terawatt-hours per year. According to MOEE, there is a plan to build two solar power plants in Myingyan and Wundwin in the Mandalay region and these are expected to have the capacity to generate 150MW of electricity each.

*Wind:* As a very first project for wind power in Myanmar, MOEE signed an agreement with China's Three Gorges Corporation to develop a 30MW wind power project in Chaung Thar, Ayeyarwady Region. Myanmar is an agriculturally based economy with plenty of land which provides huge potential for wind-powered projects. These could be developed in Chin State, Rakhine State, Ayeyarwady Region, Yangon Region, Shan State, Kayah State, Tanintharyi Region, Mon State and Kayin State, literally in most parts of the country and ADB forecasts that Myanmar has a technical potential for the development of 4,032 MW from wind energy.

*Mini-grid:* Across Myanmar, there are already numerous hydro minigrids and hybrid solar-diesel mini-grids in operation. The potential for further mini-grid development in dry zones is large, particularly in the Magway and Sagaing regions. Direct combustion and gasification are relevant technologies for mini-grids in Myanmar. Mini-grids could solve power shortage problems in rural communities because they are not directly connected the electric power grid. As a result, the government is committing sizable resources for off-grid renewables.

*Coal-fired:* All contracts for coal-fired power plants signed by the former government with international and regional companies have stalled due to public opposition and concerns about pollution and other environmental impacts. Although Myanmar has estimated domestic coal resources of 540 million tons, coal extraction has remained slow due to low investment and the remoteness of the country's identified coal sites.

## **Opportunities**

The Myanmar's energy sector is promising due to the increasing high demand of electricity consumption and the government's ambitious growth plans to double the electric power capacity by 2020-21. Energy is the Government of Myanmar's top priority sector and the government is committed to constantly increasing the electricity access for the Myanmar people. Some of the leading sub-sectors are hydropower, renewable energy, gas and solar.

To achieve Myanmar's electrification goals, serious investment in infrastructure development and power generation is needed. The drive to go from the current installed capacity of just over 4,800 MW to double the power capacity is an opportunity for U.S. companies which provide technical expertise, consultancy, engineering and design, project management services and building, maintaining and installation of power plants to the oil and gas, renewables, LNG and conventional power sectors.

In late 2015, the World Bank approved a \$400 million interest-free credit from the International Development Association (IDA), to provide financing and technical assistance for Myanmar's National Energy Plan. According to the World Bank, the project is expected to benefit over 6.2 million people by bringing electricity to more than 1.2 million households by 2021. According to the MEMP, the World Bank plans to invest up to \$1 billion in the sector including electricity generation, transmission and distribution.

However, the sector has some significant challenges for foreign investors, such as no clear rules and guidelines, a lack of a clear policy framework, a shortage of skilled labor, high corruption, lack of transparency in the tender and procurement process, and banking issues (currently no U.S. banks are operating in Myanmar, therefore, intermediary banks are required to transfer and receive payments). According to the MOEE website, MOEE will need \$5.8 billion to construct medium and low voltage lines and transformer/substations under NEP plan. The government hopes to cooperate with the private sector for speedy implementation.

The following are opportunities in the energy sector as highlighted by DICA:

- Construction of medium to large-scale hydro and gas-fired power plants in Public-Private-Partnerships
- Investments into the transmission system (e.g. high-voltage transmission lines between the North of Myanmar and Yangon)
- Realization of small-scale hydro-power projects (e.g. to supply a village tract)
- Establishment of solar energy farms and wind power farms
- Provision of efficient and practical solar-power kits to communities currently off-grid as well as of solar-power based solutions (e.g. solar-powered pumps, solar lighting)
- Upgrading of the current power infrastructure in urban centers and industrial zones

Rising electricity demand from 3075MW in 2017 to between 9100MW-14,542MW by 2030 will make renewable energy resources critical in the future. As Myanmar's national grid system is not very strong and not accessible to most villages in rural areas, renewable mini-grid can be an affordable option to rural people, including solar power, wind-power, biomass and geothermal. U.S. firms with solutions for rural electrification and green or renewable energy will find opportunities in Myanmar.

### **Web Resources**

[Ministry of Electricity and Energy](#)

[Ministry of Industry](#)

[Ministry of Natural Resources and Environmental Conservation](#)

[Directorate of Investment and Company Administration](#)

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## Oil and Gas

### Overview

Myanmar has one of the most diverse energy sectors in ASEAN region consisting of the following energy sources: 62 hydropower projects, 1 coal-fired power plant, 20 gas-fired power plants and numerous renewable and solar power projects across the country.

The dynamic Oil and Gas sector reflects the high demand of electricity consumption generated by the government's ambitious Myanmar Energy Master Plan (MEMP). The sector has also attracted more than \$22.4 billion in foreign direct investment (FDI) from 154 permitted foreign enterprises, approximately 30 percent of Myanmar's total FDI. As of January 2017, there was \$69 billion in cumulative FDI in the Myanmar oil and gas sector. The ongoing production of oil and gas does not fully supply the country's demand; large quantities of natural gas are exported to neighboring countries such as Thailand and China under contracts with developers. In 2016, the MEMP was initiated by the Myanmar's National Energy Management Committee (NEMC) in conjunction with the National Electrification Plan (NEP). The Government of Myanmar's goal is to achieve universal electrification by 2030. The plan includes a focus on off-grid solutions, 500,000 small-scale, subsidized solar home projects, as well as an additional 35,000 mini-grid solar developments.

Under the umbrella of the Ministry of Electricity and Energy (MoEE), the four state owned enterprises: the Oil and Gas Planning Department (OGPD), the Myanmar Oil and Gas Enterprise (MOGE), the Myanmar Petrochemical Enterprise (MPE) and the Myanmar Petroleum Products Enterprise (MPPE) are responsible for issuing tenders to foreign companies. MOGE is the oil operator, service provider and regulator of oil and gas sector. It oversees the two other state-owned enterprises MPE and MPPE. MPE is responsible for oil and gas exploration, production and domestic gas transmission and MPPE manages retail and wholesale distribution of petroleum products through four main fuel terminals, 24 sub-fuel storage facilities and 12 oil stations across the country. OGPD plans long-term and short-term strategies in energy sector development and supervises implementation projects.

While there is optimism about Myanmar's potential O&G reserves, there is also a large degree of uncertainty. MoEE highlights 16.6 trillion cubic feet (TCF) of proven onshore and offshore natural gas reserves for investment opportunities but further exploration may unveil more substantial reserves. Now that Myanmar is open to international exploration, major international oil companies are making significant investments using updated technology to locate new sources.

Myanmar has 53 inland blocks in operation; 17 blocks are operated by 12 companies, mostly international companies. Offshore areas are divided into 51 blocks, of which 18 are in operation and 24 out of 51 are classified as deep sea. The existing major offshore gas projects are Yadana Project, Yetagon Project, Shwe Project (exporting gas to China) and the Zawtika Project, with 75 percent of production exported to Thailand and China. The daily production rate of the Yadana natural gas project is 910 million cubic feet (Mcf); Shwe produces around 500 Mcf; Zawtika produces 360 Mcf; and Yetagon produces over 250 Mcf. There are six deep rigs, nine medium rigs and eleven shallow rigs. The total length of natural gas pipeline in the country is 2,200 miles. Myanmar has 45 compressed natural gas (CNG) filling stations and has over 27,000 CNG vehicles. The average domestic natural gas supply is 300 Mcf per day.

#### *Private Sector Participation*

To achieve Myanmar's electrification goals, strong investment for infrastructure development and power generation will be required to increase the current installed capacity of 4,800 MW towards doubling the power capacity. There are opportunities for U.S. companies that can provide the following investment support: technical expertise, consultancy, engineering, project management services, building maintenance and the installation of power plants for oil and gas, renewables, LNG and conventional power sectors.

However, the sector has some significant challenges for foreign investors due to the lack of established guidelines, lack of clear policy framework, a shortage of skilled labor, high corruption, a lack of transparency in the tender/procurement process and in international contracting, and banking payment issues.

Source: Census Data

U.S. Exports to Myanmar (in thousand US\$)	2014	2015	2016	2017
Mineral Fuel, Oil etc.; Bitumin Subst; Mineral Wax	424,368	686,078	606,780	869,484
Coal; Briquettes, Ovoids Etc. Mfr From Coal				2,884
Anthracite Coal, Not Agglomerated				2,884
Anthracite Coal, Not Agglomerated (t)				2,884
Oil (not Crude) From Petrol & Bitum Mineral Etc.	424,368	686,078	597,450	839,127
Lt Oils, Preps Gt=70 percent Petroleum/bitum Nt Biodiesel	4,187	36,454	98,102	23,571
Unleaded Gasoline, Reformulated Not Cont. Biodiesel (bbl)			49,415	
Naphthas Ex Motor Fuel/blend Stock Nt Con Biodiesl (bbl)			2,595	
Hydrocarbon Mixtures Lt=50 percent Hydrocarbon Comp'd Nesoi (bbl)	4,187	36,454	46,092	23,571
Petrol Oil Bitumen Mineral (nt Crud) Etc. Nt Biodiesl	414,673	649,624	499,348	810,659
Aviation Engine Lubricating Oils (bbl)		34,373		
Automotive, Diesel or Marine Engine Lub Oils (bbl)	404,535	484,612	408,933	463,204
Turbine Lubricating Oil, Including Marine (bbl)		38,268		
Automotive Gear Oils (bbl)		14,898	73,678	82,879
Lubricating Oils with Or Without Additives, Nesoi (bbl)		74,963	12,652	264,576
Lubricating Greases with Or Without Additives (bbl)		2,510	4,085	
White Mineral Oils, Except Medicinal Grade (bbl)	10,138			
Waste Oils, Nesoi	5,508			4,897
Waste Oils, Not Elsewhere Specified or Included (bbl)	5,508			4,897
Petroleum Jelly; Mineral Waxes & Similar Products			9,330	3,286
Paraffin Wax Less Than 0.75 percent Oil by Weight			9,330	3,286
Paraffin Wax Less Than 0.75 Percent Oil (kg)			9,330	3,286
Petroleum Coke, Petroleum Bitumen & Other Residues				24,187
Residue of Pet Oils or Bitumin Oils Nesoi				24,187
Residues of Petroleum Oils or Bitumin Oils, Nesoi (t)				24,187

**Leading Sub-Sectors**

*Liquefied Natural Gas (LNG):* Among available options to produce electricity, the government currently supports LNG as the best medium-term solution to meet domestic electricity needs. The GOM is proceeding towards a target of providing 47 percent sustainable power by 2020 (under the goal of 100 percent by 2030 as outlined in the MEMP). To that end, MoEE granted permission to carry out three LNG projects with a total value of \$5 billion. These projects will be implemented by Total, Siemens, Zhefu and Toyo-Thai and should add about 3,000 megawatts of power to the national grid by 2020-21.

In 2018, four gas-to-power projects received Notices To Proceed (NTP). Three LNG projects are initiated by the GOM at Kanbauk in the Tanintharyi region, Mee Laung Gyaik in the Ayeyarwady region and Ahlone in the Yangon region. At Mee Laung Gyaik, China's Zhefu and local company Supreme Group will undertake a 1,390MW project, with the first phase to be completed in 36 months and reaching full capacity 12 months later. The two other projects are smaller and will be implemented in 28 months. Thai-based Toyo-Thai will build a 356MW LNG-to-power plant, while China's Sinohydro and Supreme will implement a 135MW combined-cycle gas turbine project at Kyaukphyu.

*Gas-fired:* According to MoEE, the three gas-fired projects being under implementation in 2018 are: a 119MW project in Thahton; a 106MW in Thaketa; and 222MW in Myingyan. From 2019 to 2021, there are other projects planned for Kyauk Phyu – 135MW, Ahlone – 356MW, Kanbauk (first phase) – 615MW, Ywama – 150MW, Puhtoe Lone – 12MW, Myan Aung – 20MW, Thilawa – 108MW, and Mee Laung Gyaik – 1,390MW to be implemented through the national budget, overseas loan or private investment. A rehabilitation program to upgrade older power stations will be planned as well.

*Mid and Downstream:* With Myanmar market liberalization, mid- and downstream industries, such as the distribution and retail businesses related to fuel/petroleum products, have expanded with growth of gas filling stations, storage facilities, and distribution networks. The lubricant market is also growing on the account of large amount of imported vehicles, such as household cars, industrial and agricultural usage of machines and equipment.

## **Opportunities**

The government policy has been to allow the power sector to open up to foreign investment, both in upstream and downstream sectors which means that now 100 percent foreign owned companies are allowed to import, store, and process petroleum products and to be involved in retail and distribution lines as well. One concern, however, is that the GOM has not yet drafted any new comprehensive regulations governing energy policy.

The following are key opportunities in the oil and gas sector, as indicated by DICA (Directorate of Investment and Company Administration):

- Exploration and feasibility studies for projects in mining as well as oil and gas
- Medium to large-scale operation of mines and wells
- Offshore and onshore opportunities for the exploration and extraction of oil and gas
- Establishment of petroleum-based industrial, processing and supportive facilities (e.g. refineries, fertilizers, LPG, LNG)
- Value-added production based on natural resources
- Supporting industries, such as machinery, maintenance, consulting services
- Establishment of education and research institutions to broaden knowledge as well as the pool of human resources available to this sector

Opportunities for U.S. firms in the oil and gas sector exist in such areas as environmental and social impact assessment, infrastructure and equipment, logistics, risk management and legal consultancy services and human resources capacity building. The future prospects for the Myanmar oil and gas sector

are set to expand to support the significant increase in exploration activity. Additionally, extensive technical expertise will be required in seismic and drilling solutions.

The list of restricted investment activities, including the list of investment activities allowed only in a joint-venture with a Myanmar citizen/citizen-owned entity and the list of investment activities requiring the approval of relevant ministries can be found at The Republic of the Union of Myanmar Investment Commission Notification No.15/2017: [https://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/20170410\\_eng\\_42.pdf](https://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/20170410_eng_42.pdf)

*Government Tender:* In June 2019, EPGE announced five power rental projects of 1,040 MW which will all be on a Build Own Operate (BOO) basis over a five-year concession period. All projects were planned as LNG, but two of the five are planned to be natural gas-fired: Kyun Chuang (Magwe) - 20MW and Ahlone - 120MW. The other three projects; Kyaukphyu - 150MW, Thanlyin - 350MW and Thaketa - 400MW will be LNG to power sites.

Tender notices from the MoEE are published at: <https://www.moee.gov.mm/en/ignite/page/62>

### **Web Resources**

[Ministry of Electricity and Energy \(www.moee.gov.mm\)](http://www.moee.gov.mm)

[Myanma Oil and Gas Enterprise \(MOGE\) \(http://www.moee.gov.mm/en/ignite/page/40\)](http://www.moee.gov.mm/en/ignite/page/40)

[Myanma Petrochemical Enterprise \(MPE\) \(http://www.moee.gov.mm/en/ignite/page/41\)](http://www.moee.gov.mm/en/ignite/page/41)

[Directorate of Investment and Company Administration \(https://dica.gov.mm\)](https://dica.gov.mm)

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## **Agriculture Sector**

### **Overview**

The agriculture sector is one of the most important sectors for the country's economy; agricultural goods are Myanmar's second largest export commodity. The agriculture sector contributes 38 percent of GDP, accounts for 20 to 30 percent of total export earnings and employs more than 70 percent of the workforce. 12.8 million hectares out of 67.6 million hectares of land in Myanmar are cultivated land. Rice is the country's primary agricultural product, which accounts for nearly 43 percent of the total agricultural production value. In Myanmar, 70 percent of the country's population live in rural areas and their livelihood drives the agriculture sector as an important growth engine of rural development. In July 2016, the Government of Myanmar officially announced a 12-point economic plan targeted at developing a market-oriented economy. The government focuses on strengthening farming production, enhancing food security, increasing exports and improving living standards of the rural population, which depends on farming as their first and key source of income.

According to the United States Department of Agriculture (USDA) Grain and Feed Report of 2019, production of rice and corn in Myanmar is forecast to increase in Fiscal Year (FY) 2019-20 due to expansion of planting areas. Myanmar's overall rice exports are expected to be stable as decreasing exports to the European Union balance out increasing exports to China. Rice production in FY 2019-20 is forecast to increase as farmers increase planting acreage in anticipation of favorable weather and due to attractive prices. Myanmar's overall rice exports in FY 2019-20 are forecast remain at the same level as FY 2018-19 at 3.0 MMT. There will be some lost market potential in the EU, offset by some increased market potential in China.

Myanmar's corn exports in FY 2018-19 and FY 2019-20 are likely to expand in line with continued demand from China. Corn production is expected to reach 2.3 MMT in FY 2019-20 and the domestic corn demand in FY 2018-19 and in FY 2019-20 is expected to increase due to the growth in the livestock sector. Overall Myanmar's corn exports in FY 2018-19 and FY 2019-20 are expected to remain at 1.4 million metric tons.

Myanmar's wheat import demand and consumption is likely to increase in FY 2019-20 in anticipation of renewed demand for snacks, noodles and baked goods derived from wheat flour. Wheat production is estimated to decrease in FY 2019-20 as domestic demand is met with imports. Wheat imports are expected to increase 13 percent in FY 2017-18 as a result of changing consumer preferences and resulting higher domestic demand.

Myanmar's top agricultural exports include rice, maize, black gram, green gram, pigeon pea, chick pea, sesame, onion, tamarind, raw rubber, vegetables, and fruits. Myanmar's major import items in the agricultural sector are power tillers, hand tractors, fertilizers, pesticides, herbicides, diesel oil, dumpers, loaders and spare parts, water pumps, hydraulic excavators, gear box assembly for hand tractors, MS rod & mild steel, hybrid and quality seeds.

Myanmar does not yet have laws or regulations pertaining to Genetically Modified Organism (GMO) crops or seeds, which are currently imported without any restrictions.

### **Leading Sub-Sectors**

*Agricultural Machinery and Equipment:* Myanmar could position itself in the global supply chain market by moving up the production value chain and making finished goods with the help of advanced machinery and equipment. Currently, Myanmar depends on traditional manual labor and lacks the advanced technology needed to produce value-added finished goods. Developing agro-based industry is one of the top priorities for both the government and domestic members of the private sector. The Government of Myanmar has consistently encouraged farm enterprises to move beyond exporting raw agricultural products and produce high quality finished goods with the help of refineries, packaging facilities and advanced mills.



There is market potential for U.S. manufacturers of agricultural equipment and farm machinery. Machinery used in the assembly and manufacturing of light to heavy agricultural machinery, power tillers, walking tractors, water pumps, sprinklers, drip irrigation sets, transplanners, threshers, seeders, weeders, dryers and farm storage facilities are all in high demand.

#### Utilization of Farm Machinery in Myanmar

Type of Machinery	2013/14	2014/15	2015/16	2017/18
Tractor	13,345	16,378	20,568	-
Power tiller	257,971	286,097	300,247	305,000
Cultivating roller boat	5,403	6,065	7,467	9,000
Thresher	55,104	61,793	61,997	65,000
Combine harvester	668	1,680	2,521	3,000
Transplanter	122	169	286	350

Source: Department of Farm Mechanization, MoALI

*Fertilizer:* Myanmar has a very competitive fertilizer market compare to other ASEAN countries and the fertilizer industry is attracting a growing number of foreign investors. Fertilizer is one of the most imported items in this sector; Myanmar imports about 80 percent of chemical fertilizers from China and Thailand, estimated at between 1.2 and 1.4 million tons per annum. Myanmar produces domestically 15 percent of fertilizers and does not have a competitive advantage in fertilizer production at this time despite having natural gas as a resource for ammonia production.

Organic farming is strongly encouraged by the Government of Myanmar. However, due to the slow results of organic fertilizers, local farmers prefer chemical fertilizers, which offer quicker results and more opportunities to harvest.

American fertilizer companies can find opportunities to export to Myanmar as the demand for high quality fertilizer continues to rise. The Government of Myanmar has set targets for higher agricultural output and domestic dealers are constantly looking for higher quality fertilizer options than those currently being used and available in the market.

Other sub-sectors with excellent prospects for investment opportunities are chemicals production, transport, storage, wholesale, processing, and agricultural services, contract farming, irrigation system and facilities, farm industry, research and development, value-added production, packaging industry for local agricultural produce, warehouses and cold storages facilities, service support for supply chain, microfinance and trade finance services for local farmers.

#### Opportunities

Foreign investment in the agriculture sector is only 0.5 percent of total FDI, so there are huge investment opportunities available for the U.S. investors. The GOM encourages both local and foreign investors to consider investing in either a joint venture or a 100 percent investment in areas such as agro-based industries, assembling and manufacturing light agricultural machinery and small farm implements, manufacturing agricultural inputs and related support products. According to the Ministry of Commerce Notification No. 96/2015 dated November 11, 2015, foreigners can trade in products such as fertilizers, insemination seeds and pesticides as joint ventures with Myanmar citizens with no minimum share percentage for the local citizens.

#### Web Resources

[International Fertilizer Development Center \(IFDC\)](#)

[International Rice Research Institute \(IRRI\) Myanmar Pulses, Beans & Sesame Seeds Merchants](#)

Association

Myanmar Edible Oil Dealers Association

Myanmar Fruit, Flower and Vegetable Producer and Exporter Association

Myanmar Rice Federation

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## **Franchising**

### **Overview**

Myanmar's quickly growing economy and increasing consumer activity is a welcoming market for international franchise brands. The market had little exposure to most foreign brands since the 1990s until recent market liberalization initiatives. Since then, the country has experienced an influx of international franchises, especially in the food and beverage sector from western and Asian countries.

Within the past six years, food and beverage franchise chains from Asian countries such as Singapore, Thailand, Malaysia, Indonesia, Philippines, Korea and Japan have made inroads in Myanmar. In March 2013, a well-known Thai conglomerate, Minor Food Group (MFG), opened Swensen's, an American food and ice cream brand in Myanmar. South Korean fast food restaurant giant, Lotteria, served customers at its first outlet in 2013. Lotteria has opened 24 outlets in Yangon, Mandalay, Mawlamyine and Monywa and aims to open additional outlets in near future. The Japanese operator of the Freshness Burger chain launched its first outlet in Yangon in 2014. The Malaysian fast food chain Marry Brown opened its first restaurant in June 2013 and opened 10 outlets in Yangon, Mandalay and Pyin Oo Lwin since then.

Thai MFG, which has the franchise rights in Myanmar for Burger King launched the first outlet in December 2016. Among ASEAN countries, Singapore has a strong interest in Myanmar's franchise sector. Multiple F&B franchise chains from Singapore such as Ya Kun, Chewy Junior, Pasta Mania, Teapresso, Fish & Co, Manhattan Fish Market, Astons Specialities Steak House, BreadTalk, Craft Cafe, Crystal Jade, D'penyetz, Frolick, Ramen Monster, Singapore's Kitchen, The Coffee Bean & Tea Leaf and House of Singapura can be found in Myanmar. Myanmar Bakery (part of the country's conglomerate Shwe Taung Group) and BreadTalk of Singapore launched BreadTalk bakery's first outlet in Myanmar on March 25, 2017. Shwe Taung has opened 3 outlets in Yangon as of June 2019. Moreover, Australia's Gloria Jean's Coffee has 7 outlets in Yangon and Mandalay and aims to open more in the coming years. Multiple F&B franchises from Thailand such as Black Canyon, Café Amazon, Doi Chaang Café, Fuji Japanese Restaurant, Ice Manias, Mr. Jones' Orphanage, Shabushi, The Pizza Company, True Coffee and Tummor also entered the market. Other F&B franchises from Asian countries that have already made inroads to Myanmar are Ayam Penyet AP from Indonesia, Sorabol Korean, Twist Potato, Yogane and Bolgogi Brothers (Korean BBQ) from Korea, ChaTime and Gong Cha from Taiwan, Harley's, Hot & Roll and Ichiban The Izakaya from Malaysia and IPPUDO Ramen, Osaka Ohsho and Yamagoya Ramen from Japan.

In addition to the Asian franchise food chains, U.S. franchises have also successfully entered the country, starting in 2015. In July 2015, Kentucky Fried Chicken (KFC) opened its first outlet in downtown Yangon, in partnership with Yoma Strategic Holdings. KFC now has 34 outlets in Yangon, Mandalay and Naypyitaw. Pizza Hut opened its first restaurant in October 2015. They have opened up 8 outlets and intend to launch 20 additional outlets. In 2018, Krispy Kreme launched its first store and has since added four more outlets in Yangon. Based on their early success, they plan to launch additional outlets by 2020. KFC's local operator Yoma Strategic Holdings opened up Auntie Anne's first outlet in early 2019. In addition, Coffee Bean and Tea Leaf now has 5 outlets in Yangon.

There is no legal and regulatory framework for franchise and intellectual property (IP) in Myanmar. The draft IP laws are currently pending Parliamentary approval and are expected to be released at the end of 2018.

The Government of Myanmar has finally passed four long-anticipated IP bills: Copyright law; Trademark; Industrial Design; and Patent laws. These laws will only take effect once the Government of Myanmar issues a Presidential notification confirming the law implementations.

### **Leading Sub-Sectors**

The key sectors with the best prospects for franchise opportunities in Myanmar are food & beverage, fine dining and quick service restaurants, coffee shops, retail stores, bookstores, ice cream parlors, vocational

and executive level education, car hire and taxi services, retail and convenience stores, bars, health, and beauty and wellness.

### **Opportunities**

Myanmar's franchise sector started with a couple of local and international fast food franchise chains in 2013. By the end of 2018, the country has nearly 70 foreign franchises operating in Yangon, Mandalay, Taung Gyi and Naypyidaw. Strong GDP growth rates, large youth population, and expanding middle class are drivers of the prime market conditions for U.S. franchises. According to BMI Research's Asia Country Risk team, the GDP per capita in Myanmar is expected to double between 2014 and 2019, from \$1,480 to \$3,052, fueling "rapid" growth in food and beverage sales. Rising disposable income and optimistic consumer sentiment will be key drivers in this growth, according to the research firm's Food & Beverage Insights.

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## Health Care

### Overview

Myanmar's healthcare sector is one of the most promising areas for U.S. exporters to consider. The National League for Democracy (NLD)-led government has made healthcare a top priority with increased budget allocations, healthcare related investments promotion, and planning and implementation of the National Healthcare Plan (2017-2021). Aware of the current challenges and needs in the sector, the Ministry of Health and Sports (MOHS) still set an ambitious target of achieving universal health coverage by 2030 by focusing on three main elements: population coverage; service delivery; and financial protection.

To achieve the target, MOHS formed the National Health Network with the goal of providing access to better services and reducing out-of-pocket spending by Myanmar citizens. The Government of Myanmar also increased its budgets for healthcare sector development from Myanmar kyats (MMK) 881 billion (\$672.9 million) in Fiscal Year (FY) 2016-2017 to MMK 1.076 trillion (\$840.2 million) in FY 2017-2018, approximately 5.2 percent of total government spending. The plan is to continue increasing the budget up to MMK 1.131 trillion in FY 2018-2019.

The country's public health sector accounts for 86 percent of total healthcare services with 1,120 public hospitals accommodating 56,700 beds. Recently, a five year strategic plan (2019-2023) was launched by the Myanmar Health Assistants Association to improve the public health sector in Myanmar by aiming to implement 12 public projects in 76 townships across the states and regions in the country, including disease control, reproductive health, maternal/child/newborn and adolescent health and nutrition campaigns.

There are now more than 249 private hospitals across the country and the number is steadily growing. In addition, there are approximately 200 private specialist clinics, more than 5,000 private general clinics, and 800 private dental clinics, according to a report by the Department of Medical Services. Private healthcare sector expenditures are gradually increasing due to the rising awareness for healthcare by the growing middle class. In 2014, the Government of Myanmar passed legislation allowing foreign investors to invest in private hospitals, clinics, diagnostic centers, medical devices, and health-related education facilities.

To enforce national health coverage, a new health insurance policy was launched in 2015 and to speed up engagement and a new scheme was introduced in 2016 with more expansive coverage and higher benefits. There are 11 private insurance companies deliver the health insurance with competitive attractive packages. Despite improvements, higher income consumers still tend to travel abroad for medical treatment. For low and middle income consumers, medical treatment abroad remains out of reach.

### Leading Sub-Sectors

*Medical Services:* The Myanmar healthcare industry is facing a significant shortage of facilities, technology, and qualified nurses and healthcare professionals. People who can afford high quality medical services travel to neighboring countries such as Singapore, Thailand or India for medical check-ups and treatment, and spend approximately \$600 million per year. This points to a massive need for reliable and high quality medical services in the country. To that end, the Government of Myanmar permits foreign medical professionals to work in Myanmar through joint venture businesses. In addition, U.S. health education providers can find business opportunities in Myanmar since training and capacity building services for medical staff is in high demand.

*Medicines:* Myanmar has a very competitive pharmaceutical market compared to other ASEAN countries and the market is attracting a growing number of foreign pharmaceutical companies as it is dominated by imports. According to a local market research agency, Myanmar's total pharmaceuticals spending has been increasing at 11 percent every year and it is expected that the pharmaceutical market's value can reach \$1.1 billion by 2023.

Myanmar imports about 80 percent of pharmaceutical products from other countries; locally produced supplies account for the other 20 percent of the demand. Local supplies are mainly produced by the state-owned Myanmar Pharmaceutical Factory. The market itself is very price sensitive and Intellectual Property Rights (IPR) remains a concern.

There are more than 100 pharmaceutical distributors currently operating in Myanmar. Switzerland’s DiethelmKellerSiberHegner (DKSH) and Thailand’s Maxxcare are leading the distribution channels. Other drug distribution companies such as Zuellig, Sanofi, Pfizer, MSD, GSK, Novartis, Roche, Bayer, Servier, and Mundipharma also play key roles in Myanmar’s drug market. In addition, there are many generic brands from India, China, Thailand, and Vietnam, which possess a substantial portion of the market share. Pharmaceutical sales grew from \$440 million in 2016 to \$487 million in 2017, an increase in +10.7 percent.

	2017F	2018F	2019F	2020F	2021F
Drug sales, USD billion	0.49	0.52	0.57	0.61	0.67

F = BMI forecast. Source: WHO, BMI

*Medical Devices:* The country presents tremendous business opportunities for U.S. exports of medical equipment and supplies as the government tries to improve current healthcare facilities. Myanmar’s private health sector also depends on imported medical equipment and supplies to meet the increasing local demand for high quality health services.

Currently, the 1992 National Drug Law is the only legislation in effect and it does not cover medical devices. The Food and Drug Administration (FDA) is now drafting rules and regulations to regulate the use/production of medical devices in collaboration with the U.S. Agency for International Development and other NGOs. The new draft regulations are expected to be implemented at some point in 2019.

### **Opportunities**

Given the overall needs throughout the healthcare sector, Myanmar offers significant export and investment opportunities for U.S. firms, especially in medical services, technical expertise and medical devices. The Government of Myanmar encourages foreign investors to consider investing in joint ventures in hospitals, clinics, diagnostic activities, medicine/pharmaceutical production, healthcare infrastructure, medical devices, and the establishment of private medical institutes and training facilities. Demand for high quality medical equipment and services will only increase as Myanmar’s middle and upper-class populations continue to grow and spend more for better healthcare.

### **Web Resources**

- [Ministry of Health and Sports](#)
- [Food and Drugs Administration, Myanmar](#)
- [Healthcare Procurement and Tenders](#)
- [Government Health Plans](#)
- [Myanmar Red Cross Society](#)
- [Myanmar Medical Association \(MMA\)](#)
- [Myanmar Medical Council](#)
- [Myanmar Dental Association \(MDA\)](#)

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## **Financial Services / Financial Technology**

### **Overview**

Financial inclusion is one of the top priorities for the Government of Myanmar as the country moves ahead with its economic transition. Myanmar, a country where cash is still king, has experienced drastic technology-led changes in its banking and finance sector over the years. People are gradually moving away from keeping and saving cash in their homes and moving towards saving money in banks and using cash cards, such as ATM cards and Myanmar Payment Union (MPU) cards. (MPU is the national payment network). In addition, the mobile phone connectivity rate reached 95 percent in 2019 from less than 10 percent in 2014. The significantly increasing mobile phone connectivity and internet penetration enable people in Myanmar to access the digital financial services via mobile technology such as mobile applications and web platforms. The percentage of the country's population that has a bank account remains under 20 percent.

In March 2016, the Central Bank issued a regulation on "Mobile Financial Services" (MFS) to create a safe mobile financial services regulatory environment in Myanmar. Mobile network operators and non-bank financial institutions can now apply for an MFS license to provide electronic money transfer and other tech-based financial services within the country. Wave Money, a joint venture company between Norway's Telenor, Yoma Bank and First Myanmar Investments, is the first mobile financial services operator to be granted MFS license to develop mobile money transfer platform. Platforms, such as Wave Money, allow workers to transfer money to their families in rural areas via its money transfer application. Then funds can be collected before or after normal banking hours at mom-and-pop shops across the country, forming a virtual "human" network of "ATMs."

ASEAN countries such as Singapore and Thailand have already made inroads in Myanmar's Financial Technology (FinTech) sector and have formed partnerships with local FinTech companies to provide tech-based financial services. A well-known Singaporean payment services provider and MPU developed the first E-commerce payment platform to directly settle payment for online purchases. A Thai e-wallet startup has signed a joint venture with a Myanmar retail chain to launch an e-wallet service that will enable online shopping and self-check-outs.

### **Leading Sub-Sectors**

Electronic payment services and mobile wallets are currently two of the most promising FinTech sectors in Myanmar. Currently, there are at least ten FinTech companies providing online banking, mobile phone top ups and various e-bill payment services. Myanmar businesses and consumers are rapidly adapting to FinTech due to increasing smartphone and internet penetration. Given the large unbanked population, smart phone applications are an efficient way to "leapfrog" to a higher level of service, skipping the holding of a bank account at a physical location, to provide digital financial services to citizens who live in rural areas. The current FinTech hub is Yangon, Myanmar's financial capital.

As financial solutions and services move from manual to digital, both financial and non-financial institutions in Myanmar are spending a great level of investment and attention to digital security. Due to potential data breaches and monetary losses, FinTech firms are using advanced cybersecurity solutions to prevent cyber-attacks and reduce reputational risk.

### **Opportunities**

The GOM aims to reach 40 percent of the total population, including the currently unbanked population, through financial services delivered via mobile technology through 2020 and targets 15 percent of the total population to use more than one type of financial service. This ambitious target creates opportunities for both domestic and international FinTech firms to serve the unbanked population; the traditional local banks still have not reached some rural parts of the country due to the lack of banking infrastructure. According to the McKinsey Global Institute, financial inclusion is essential to economic development in emerging markets such as Myanmar. Widespread implementation of digital finance



systems could increase the GDPs of all emerging economies by 6 percent, or a total of \$3.7 trillion, by 2025.

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## Consumer Goods

### Overview

As Myanmar's market opens up, foreign brands are rapidly entering the country, particularly since sanctions were lifted by the EU in 2013 and the United States in 2016. Myanmar does not currently have a strong base in consumer goods production so it imports the majority of its consumer goods from neighboring countries such as Malaysia, Thailand, China, Singapore and India.

The middle class population and their incomes have been rapidly increasing during the last ten years. According to McKinsey Global Institute's report from June 2013, Myanmar's consuming class (or middle class) will reach 19 million people by 2030 from 2.5 million in 2010. According to EuroCham Myanmar "Consumer Goods Guide 2018," per capita income in Yangon is between \$1,700 and \$3,000 per month. The country now offers a growing market for foreign consumer goods companies looking to diversify their market portfolio. McKinsey forecasts that spending on consumer products in Myanmar could grow to \$100 billion by 2030 from current spending of \$35 billion.

Significant opportunities exist for American companies in Myanmar's consumer goods market. Consumer goods such as personal care, home care, foods, dairy products, non-alcoholic and alcoholic beverages, bags, watches, clothes, accessories, electronic appliances, cosmetics, kitchenware, baby products, perfumery, toiletries, dry goods, healthcare products, sporting goods, processed and packaged goods, soft drinks, chocolate, coffee mix, auto parts and footwear are all popular items among shoppers.

The Myanmar retail sector has seen a large number of foreign consumer brands enter the country and sold in stores over the past four years. The value of retail sector in Myanmar is between \$10 and \$12 billion in 2018. Consumer buying power will continue to be concentrated in Yangon and Mandalay.

### Leading Sub-Sectors

*Fast Moving Consumer Goods (FMCG):* According to Nielsen, Myanmar's FMCG sector has expanded by 15 percent since 2014. Close to half of the typical consumer's monthly expenditure (47 percent) is spent on necessities such as food and groceries, household products and personal care products. Myanmar's consumer class is becoming more and more brand-conscious. Foreign brands and products have become a popular status symbol among end-consumers in Myanmar. As market demand and purchasing power grow, consumers will continue to expect more brand options and demand more quality products, especially brands and products from western countries.

*Retail:* Myanmar's underdeveloped retail sector continues to be an opportunity for U.S. firms. Myanmar's retail market is estimated to be around 15 percent of the country's GDP. There is currently one convenience store for every 250,000 people. There is huge room to expand in this market outreach compared to neighboring countries such as Thailand, Malaysia and Singapore. According to McKinsey Global Institute 2013, consumer spending could triple from \$35 billion to \$100 billion by 2030.

The retail sector ratio is 90:10 where 90 percent accounts for traditional trade. However, modern trade is rapidly growing in Myanmar with the number of modern retail outlets reaching 700 in 2015-2016, according to the Myanmar Retail Association. Moreover, 90 percent of the households still go to traditional markets to buy fresh meat and vegetables. However, as lifestyles and trends are changing rapidly, consumers choose to visit traditional markets less frequently and instead, visit supermarkets and convenience stores. There are around 250,000 total retail stores in Myanmar. According to City Mart Holding Limited (CMHL), grocery, convenience, fabric, pharmacy, and fashion are the top five outlet categories accounting for 45 percent of total retail outlets.

According to the Colliers International, Yangon's total retail gross leasable area was estimated to be around 150,000 sq. meters in 2013-14. This total includes all types of retail formats such as shopping malls, hypermarkets, departmental stores, convenience stores and residential and commercial shops. At the end of 2018, Yangon's retail space reached the 400,000 square meters mark, up by 17 percent quarter

on quarter and 24 percent year on year. This includes the launch of new malls such as St. John Mall and Junction City, Kantharyar Shopping Mall, and Space. In 2019, Yangon is projected to have an additional 150,700 sq meters (1.6 million square feet) of leasable space which is the highest in Myanmar to date. The most remarkable developments include the second segment of The Central Boulevard (Phase 1) by Marga Landmark, Fortune Plaza (Phase 1) by Excellent Fortune Development Group, and the Yadanar Mall (Time City) by Crown Advanced Construction Co., Ltd. Together, these projects represent an additional leasable space of almost 58,000 square meters (624,000 square feet).

Convenience stores and supermarkets have been rapidly expanding in the larger cities in Myanmar in recent years. The consumer behaviors and purchasing power continue to grow with the positive outlook for retailers are optimistic and the sector is set to experience with a constant growth. Popular retailers in Myanmar are Asia Light, ABC Convenience Stores (100 outlets in Yangon in all key strategic locations and townships in Yangon) by Myanmar Indo Best, Grab & Go (300 outlets) by Capital Diamond Star, City Mart Supermarket, Marketplace and City Express Convenience Stores (70 outlets) by City Mart, One Stop Mart (100 outlets) by One Stop, Gamone Pwint Departmental Stores, Gandamar Wholesale, Market Place Supermarket, Orange Supermarkets, Ocean Super Center, Ruby Mart Supermarkets, Star Mart Supermarkets, GQ Convenience Stores, KumuDra Convenience Store, Shwe Paline Mini Mart, Pyae Wa General Stores and Union Mini Mart.

Top shopping centers are St. John Mall, Junction Square, Taw Win Centre, Ocean Super Market, Myanmar Plaza, Maw Tin Center, Hledan Center, Sein Gar Har, Culture Valley Yangon, United Living Mall, Gamone Pwint, Yuzana Plaza, Ruby Mart, Parkson, Super One, Capital Hypermarket, Junction City and Sule Square.

Better quality retail malls opened in 2018 meeting international standards and demand by foreign F&B chains. The popular F&B chains mostly seen in modern malls are KFC, Swensen's, Pizza Hut, The Pizza Company, Gloria Jean's Coffee, Lotteria, Harley's, Thai Express, Freshness Burger, Black Canyon, Ayam Penyet, Chatime, Chewy Junior, Frolick, The Manhattan Fish Market, Burger King, Breadtalk and Yakun.

Japan's popular store chains have already entered Myanmar's retail market. Japan's popular discount store chain, Daiso launched stores in Yangon in 2012. Daiso now has discount stores in almost every modern mall in Yangon. Japanese retail giant Aeon supermarket chain is preparing to open its first outlet in Yangon. Also, Japanese convenience store operators Lawson and MiniStop are considering forays into the country.

The Ministry of Commerce issued Notification 25/2018 in May 2018, stating that 100 percent foreign investment and joint ventures with foreign firms are now permitted in retail and wholesale trading in Myanmar. This is a positive transformation allowing international wholesalers and retail giants to be part of the economic transition in the country. The government opening the door to foreign players in retail and wholesale sectors will make the market more competitive and offer citizens more choices of international brands and products. Although the Ministry of Commerce is attempting to liberalize its economy through Notification 25/2018, industry stakeholders are waiting for clarifications, including a list of excluded sectors. According to the Notification, the capital requirements to operate retail and wholesale are as follows:

Wholesale	100 percent foreign owned	\$5 million (excluding the value of the goods to be traded and the land lease rent)
	Joint Venture Companies  (at least 20 percent of the equity is held by Myanmar citizen(s))	\$2 million (excluding the value of the goods to be traded and the land lease rent).
Retail	100 percent foreign owned	\$3 million (excluding the value of the goods to be traded and the land lease rent)

	Joint Venture Companies  (at least 20 percent of the equity is held by Myanmar citizen(s))	\$700,000 (excluding the value of the goods to be traded and the land lease rent)
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Source: Conventus Law

According to the Notification, the minimum floor area for retail shops, mini-market and convenient stores is 929 sq. meters. The details about the company registration process and other requirements can be found at [Retail And Wholesale Trading In Myanmar Permitted For Foreign Investors](#) by Conventus Law. For any interested U.S. companies, please consult with law firms established in Myanmar to get clear guidance: [American Chamber of Commerce Myanmar](#) and [AMCHAM's member list](#).

### Opportunities

Foreign brands such as Nestle, Tata, Kellogg's, P&G, Unilever, Kraft, Heineken, Henkel, Heinz, Pfizer, Johnson & Johnson, Pepsi, Coca-Cola, Britannia, DuPont, Nike, Addidas, Armani Exchange, Michael Kors, Hugo Boss, Furla and many others are available in Myanmar.

Local players are eager to partner with foreign firms. For example, Myanmar FMCG company, Capital Diamond Star Group Limited (CDSG) and Mitsubishi Corporation formed a joint venture, Lluvia Limited, to engage in food manufacturing and distribution businesses throughout Myanmar and regionally. Asahi Group is to partner with Myanmar's Loi Hein Company to form a major new soft-drinks company in Myanmar. Colgate-Palmolive Co. acquired Laser Brand Toothpaste from Shwe Ayar Nadi Co., Ltd. for approximately \$100 million. Swiss giant Nestle partnered with a local distribution company to distribute its made-in-Myanmar coffee, dairy and chocolate products.

There are great market opportunities available for American companies which make grocery products, personal care products, household products, processed foods and alcoholic and non-alcoholic drinks. U.S. firms may need to be more flexible with their pricing strategy for the Myanmar market. Demand for organic food and products is also increasing among the health conscious and higher income consumer segments. Currently, the majority of FMCG imports are from Thailand and China with price points that are affordable to the middle class population. City Mart, the biggest local supermarket chain, is currently importing apples and cherries from the United States and beef and dairy products from Australia.

### Web Resources

[Department of Food and Drug Administration \(http://www.fdamyanmar.gov.mm/\)](http://www.fdamyanmar.gov.mm/)  
[Ministry of Commerce \(http://www.commerce.gov.mm/en\)](http://www.commerce.gov.mm/en)  
[Myanmar Consumers Union \(http://myanmarconsumersunion.org/\)](http://myanmarconsumersunion.org/)  
[Myanmar Retailers Association \(MMRA\) \(http://mramyanmar.com/\)](http://mramyanmar.com/)

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## Aviation

### Overview

With ongoing economic reforms and growth of its middle class, the Myanmar aviation sector is emerging as an attractive area for business opportunities. As stated by the Myanmar Department of Civil Aviation (DCA), the number of international air passengers to and from Myanmar rocketed from 1 million in 2010 to 6.65 million in 2016. The number of domestic air passengers increased roughly 4 times from 1.2 million to 4.6 million from 2010 to 2015. However, the aviation sector had its slowest growth rate in 2018 due to a decline in tourism resulting in only 2 percent growth of international passengers as well as domestic traffic (with negative growth of 5 percent in 2018).

The Myanmar aviation sector is managed by the DCA, which is part of the Ministry of Transport and Communications (MOTC). DCA manages the civil aviation administration and air navigation services. MOTC has recently engaged in 48 agreements to increase international flights, as well as to establish separate framework agreements between Myanmar and Cambodia, Laos, Vietnam, Bhutan, and the Netherlands. DCA is trying to strengthen the aviation sector through its new strategic plan, which includes calling for improved infrastructure, promoting the airline business and securing air service agreements with international partners.

Myanmar has three international airports and 30 domestic airports (as well as 36 inactive airfields), serving 28 foreign air operators and nine domestic. Among the nine domestic operators, Myanmar National Airlines (MNA), Myanmar's national flag carrier, operates both domestic and international routes. Myanmar's only other international airline is Myanmar Airways International (MAI).

Myanmar's three international airports are: Yangon International Airport (YIA) (airport code: RGN) managed by the Yangon Aerodrome Company; Naypyidaw International Airport managed by the Pioneer Aerodrome Services Company; and Mandalay International Airport managed by the Mitsubishi Group and JALUX- an affiliate of Japan Airlines since 2014.

Among the three international airports, YIA is the largest and busiest for both passengers and cargo with steady growth in visitor traffic over the last few years. YIA is strategically located between India and China, two countries that hold two-thirds of the world's population. YIA is also within six hours flying range of other international hubs such as Tokyo, Dubai, Singapore, Bangkok and Kuala Lumpur. In 2017, a total of 5.9 million passengers and 28 international airlines used YIA.

The aviation market in Myanmar is competitive, especially among local airlines for which the ASEAN Open Skies Policy acts as a de facto burden as it provides rights to regional airlines to fly directly from their home countries to Nay Pyi Taw and Mandalay. At the same time, 9 private local airlines own a small number of aircraft and follow the same blueprint pattern of scheduling, fares and pricing conditions which hinders them from achieving economies of scale. In addition, they are facing funding issues. Recently, the Government sought to expand and rebrand MNA to become more competitive internationally. The domestic airline industry is facing heavy competition from foreign carriers in the market. Thailand occupies the largest foreign share of the Myanmar aviation market followed by Singapore. The top Thai airlines in the market are Bangkok Airways, Thai Air Asia, Thai Airways International and Nok Air. These carriers have secured significant market shares by the connections from their hubs in Thailand, comparable fare prices and brand recognition. Next in market share are airlines based in Singapore: Silk Air, Singapore Airlines and Tiger Air.

In order to implement all the planned airport infrastructure projects, DCA is strengthening its policies and drafting the Myanmar Airport Authority Law, which will regulate airport services, ensure local carriers adhere to better safety and quality standards and enable the privatization of airports. Aligned with the new plan, YIA was expanded in 2017 adding a new international terminal. The airport was designed to serve 2.7 million passengers per year but is currently over capacity. As a result, plans for a new airport, Hanthawaddy International Airport (HIA), have been established to meet demand and fill the service gap.

### *New Hanthawaddy International Airport*

With support from DCA, HIA in Bago, 80 kilometer north-east of Yangon, will become the second largest airport in Myanmar upon completion, offering an initial capacity of 12 million passengers annually, with a 3,600 meter runway capable of handling aircraft such as the Airbus A340 and the Boeing 747/ 737. HIA will also include taxiways, aircraft stands, baggage handling and other support systems. Yongnam Holdings, Changi Airport Planners and Engineers (CAPE) and JGC Corporation submitted proposals to DCA in 2012 and 2014 for a contract to design, construct, operate and maintain the airport under a 30-year concession period. All failed to proceed. This project has been expected to attract new airlines to Myanmar's aviation market and encourage existing local airlines to add new routes. The \$1.5 billion project is under its fifth cycle to start up again. The Japan International Cooperation Agency (JICA) has estimated the project to actually cost \$2 billion. With guidance from MOTC, DCA is working to secure loans from the Japanese government. Negotiations between have been taking place with a target to start construction after a signing an agreement by 2020.

### Legal Framework

The Myanmar Aircraft Act 1934 (XXII of 1934), the Myanmar Carriage by Air Act 1934 (XX of 1934), the Myanmar Aircraft Rules 1937, the Myanmar Aircraft Rules 1920 (Part IX) and the Myanmar Aircraft Public Health Rules (1946) govern the aviation sector, having been promulgated before Myanmar gained independence on January 4, 1948.

According to the Myanmar Adaptation Laws Order 1948, the Myanmar Aviation Acts and Rules are accepted in operation throughout the Republic of the Union of Myanmar relating to the control of the manufacture, possession, use, operation, sales, import and export of aircraft applying to citizens of the Union wherever they may be, and persons on aircraft registered in the Union, wherever they may be. The Myanmar Aircraft Act and Rules were last amended on August 25, 2004.

### *Importation and AOC process in Myanmar*

Regarding importation of aircraft (including helicopters) into Myanmar, DCA accepts aircraft Type Certification from EASA (European Standard) or FAA (US Standard) approved designs only. Further details can be found in MCAR Part 21, Airworthiness Notices A/9 and A/10: [www.dca.gov.mm/home/organization-structure/airworthiness-division-awd](http://www.dca.gov.mm/home/organization-structure/airworthiness-division-awd)

Regarding the Air Operator Certificate (AOC) process, Myanmar, being an ICAO member, requires an AOC in order to operate in Myanmar airspace. The AOC process is handled by the Flight Standards Department of DCA (for further details, see MCAR Part 1 in the link below). DCA prescribes Aviation Rules and Regulations according to ICAO Standards and Recommended Practices. All potential owners/operators of aircraft must follow these Aviation Rules and Regulations in order to operate in Myanmar. [www.dca.gov.mm](http://www.dca.gov.mm)

### **Opportunities**

As part of the National Transportation Master Plan, the GOM is planning to allocate \$8.5 billion for sea and airport projects out of a total \$21.4 billion for road, rail, ports and aviation projects by the year 2030. It is critical for the GOM to prioritize meeting rising air passenger demand and reducing transportation time and costs. To this end, Myanmar will pursue Public-Private Partnerships (PPP) creating trade and investment opportunities for foreign and private investors.

With the potential to be an aviation hub in the region, Myanmar's aviation market continues to attract foreign aircraft and aviation technology companies in terms of leasing aircraft, tourism-related aviation, airport weather technology and air traffic **management systems**.

## **Web Resources**

[Department of Civil Aviation](#)

[Ministry of Transportation and Communications](#)

[Yangon International Airport/ Official Airport Website](#)

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## Education

### Overview

In Myanmar, significant education sector reform began when the National League for Democracy (NLD)-led government came to power in April 2016. The government laid out top priorities and announced increased budgets for the education sector. The National Education Sector Plan (NESP) 2016-20 indicates that the allotted budget for reforming the education sector rose from Myanmar kyats (MMK) 310bn (\$251.8m) in FY 2012-13 to MMK 1.76trn (\$1.34bn) in FY 2017-18, which is approximately 8.5 percent of total government spending. For many years, the education sector had received very little attention from previous government administrations.

The Ministry of Education understands the importance of teachers as they play a crucial role in the improvement of student learning outcomes. The Ministry established a National Teacher Competency Standards Framework (TCSF) in 2015 and updated the framework in 2017. The framework covers four key areas: knowledge and understanding; skills and practices; growth and development; and values and dispositions. In order to fulfill the staffing gaps at schools, the Ministry employed an additional 72,000 daily wage teachers by providing one-month pre-service training at public primary schools with later employment as full-time teachers upon completion of further training.

Locally-owned private education in Myanmar is now offering reasonably priced tuition targeting middle-income families. The curricula that the private schools are offering are comparable to public schools, however, their focus is more on English language proficiency and other school activities. They mostly follow government policy for curricula and exam systems.

The American University of Myanmar (AUM) was selected to be part of the Higher Education Institutions (HEI) program together with 8 other universities across the country to act like the central coordinating body for higher education. HEI coursework at AUM was scheduled to begin in 2016 but has yet to offer university-level coursework. In the meantime, AUM has begun offering an American High School Equivalency Program, which prepares students for U.S. university courses, as well as a study abroad program.

The majority of the population is college-age in Myanmar. Since the late 1990s, the country has been experiencing increasing demand for high quality education services. To meet the increasing demand, local training centers has begun partnering with education institutes from the United Kingdom (UK) and started international diploma programs with the help of local foreign graduates and experienced professors. The international education market has been significantly growing in Myanmar since then, and by December 2017 there were approximately 35 local private training centers offering a variety of UK certificate and diploma courses in business management, financial management, marketing management, project management, information technology, engineering, accounting, and tourism. There are more than 20 international schools operating in Yangon and Mandalay offering nursery, high school and international college preparatory programs due to the high demand in the market. In addition, there are about ten private training centers in Yangon and other cities offering the UK's Higher National Diplomas in information technology, computing and business management and six private centers that offer bachelor and Master degree programs from the UK, ASEAN, and European countries.

In Myanmar, the United States is becoming a popular destination for international education. In 2017-18, there were 1,569 Myanmar students studying in the United States, representing a 16.1 percent increase from the previous scholastic year.



Table: Myanmar-U.S. Student Travel Data

Type of Education	FY				
	2015-16	2016-17	2017-18	percent of total 2017-18	percent change 2017-18
Undergraduate	859	987	1,116	71.1	13.1
Graduate	176	210	245	15.6	16.7
Non-Degree	67	41	72	4.6	75.6
Optional Practical Training	92	113	136	8.7	20.4

Source: Institute of International Education Open Doors 2018 Report

Main areas of study for Myanmar students include business management, financial management, project management, hospitality, accounting, marketing, and engineering and information technology.

### Leading Sub-Sectors

*Community Colleges:* The community college concept is gaining popularity in Myanmar as students and parents now realize that the concept is an effective and economical route to transfer to high ranked four-year universities. Local education agents play an important role in promoting the community college concept in Myanmar. Many U.S. community colleges have partnered with local study abroad agents to recruit Myanmar students. There are about 10-15 reputable education agents in Myanmar working with universities and colleges from various countries such as Singapore, Malaysia, Australia, Korea, Japan, UK, the United States and Canada.

*Four-Year Degree and Master Programs:* Local education agents and counseling services have partnered with many American universities to promote U.S. graduate and postgraduate programs to Myanmar students.

*Transactional Education Program:* U.S. transactional education service providers can find tremendous business opportunities in Myanmar's education sector. The UK transactional education program is still the market leader in Myanmar. It offers advanced credit based on academic work completed in the students' home country. The program is usually carried out at learning centers that are regulated by the British exam bodies. This is currently a \$2 billion a year business globally. Thus far, the United States has about 4 percent of the market while the UK has about 66 percent.

*Technical and Vocational Training Services (TVET):* In Myanmar, the shortage of skilled labor is a major challenge. There is a massive need to provide technical and vocational training services to Myanmar's labor force in order to meet the ASEAN TVET skills standard. Aware of this skill gap, the GOM formed a TVET task force to advance cooperation among ministries and the public and private sectors in order to enhance the capacity of the labor force in Myanmar. According to the NESP, Myanmar needs a large amount of skilled labor for the agriculture, energy, manufacturing, infrastructure, franchise and tourism sectors. Technical and vocational training services will play a key role in fulfilling this demand.

### Opportunities

People in Myanmar now realize the importance of quality education and parents are willing to invest in their children's education so that they can have good career opportunities after graduation. The local

learning centers are actively seeking potential partnerships with U.S. education institutes and universities for undergraduate, graduate and post-graduate programs. According to some learning centers, Myanmar students prefer to have more options and are desperately waiting for U.S. transactional programs. This is the right time for U.S. education service providers to consider entering the Myanmar market since the GOM now allows foreign education service providers to invest 100 percent in private schools, technical, vocational and training schools, higher education schools and universities, subject-based schools, and private schools designated by the Ministry of Education, according to the Notification 7/2018 released by the Myanmar Investment Commission (MIC) in April 2018. This is very encouraging for U.S. education service providers to invest in Myanmar's significantly booming education sector.

The below market entry strategies have proven effective in marketing education services in Myanmar.

#### Appoint Local Representative(s)

The role of education agents/local representation is key for the success of American colleges and universities in the Myanmar market. Students and parents feel comfortable in seeking advice on issues such as school admission process and guidelines from experts, advisors and counselors who are based in the country with wider knowledge of schools and policies. Many U.S. colleges and universities have appointed local education agents to market their schools and recruit Myanmar students.

#### Exhibit at Education Fairs

EducationUSA is a U.S. Department of State network of over 400 international student advising centers in more than 170 countries. EducationUSA organizes annual education fairs each year around the world, including in Myanmar. More than 35 U.S. colleges and universities participated in the most recent fairs in Yangon and Mandalay. Further information about studying in the United States is available on the EducationUSA website and from the Bureau of Educational and Cultural Affairs at the U.S. State Department.

#### Web Resources

[Bureau of Consular Affairs Report & Statistics](#)

[Education USA Myanmar \(Myanmar\)](#)

[Ministry of Education](#)

[Open Doors International Education Exchange](#)

[U.S. Embassy in Myanmar – Study in the U.S.A.](#)

[Ministry of Education Myanmar - National Economic Strategic Plan 2016-21\)](#)

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## **Environmental Technology**

### **Overview**

Myanmar is facing significant challenges in climate change and waste management. The key challenges facing waste management are weak infrastructure and technology, lack of awareness on sanitary practices and poor regulatory framework. According to the Asian Development Bank (ADB) Environmental Economics Working Paper, Myanmar ranks 164 out of 178 countries in the 2014 Environmental Performance Index (EPI) and is among the world's least developed in environmental management and regulation. Almost every aspect of performance related to regulation or infrastructure has scores among the lowest globally. In addition, ecosystem vitality and protection of terrestrial biodiversity come out as particularly weak.

Most of the country's natural resources and environmental assets are at risk due to various reasons, such as deforestation, pollution, mangrove loss and air quality deterioration. To tackle these environmental challenges, the Government of Myanmar released the National Environmental Policy and the Myanmar Climate Change Policy in June 2019. These new policies are in harmony with the Myanmar Sustainable Development Plan 2018-2030 and highlight the increasing risks of extreme climate change and its impacts to Myanmar's economic and social development. The policies intend to transform the country into a sustainable and climate-resilient society.

### **Leading Sub-Sectors**

*Wastewater and Solid Waste:* The Government of Myanmar welcomes foreign investment into the country's environmental sector. There is strong demand for advanced wastewater and water treatment technologies. U.S. companies that provide technologies for water supply, sanitation, drainage, and wastewater management can find tremendous business opportunities in Myanmar.

Myanmar receives assistance and funding from various foreign aid agencies: to improve the country's water supply, wastewater treatment and sanitation; to develop nationwide wastewater treatment standards and waste management strategies; to reduce pollution and improve air quality in the Hlaing River in Yangon and Dohdawady River in Mandalay; and to conduct waste management awareness campaigns and activities in several communities.

*Energy and electricity:* As of July 2019, around 69 percent of the country's population had direct access to electricity. The Government of Myanmar aims to rapidly increase power generation and electrification across the country by 2030 and intends to provide affordable and reliable energy. The proposed energy generation mix with conventional and renewable power sources is still being reviewed by various stakeholders to meet the set targets.

Environmental activists have urged the government to increase its focus on renewable energy and cleaner alternatives. U.S. energy companies that provide sustainable energy solutions for climate change may find business opportunities.

### **Opportunities**

Both the Government of Myanmar and private sector players are interested in U.S. environmental solutions and technologies to mitigate the risks deficiencies in solid waste management system. U.S. companies that focus on recycling systems and technologies will find trade and investment opportunities in Myanmar. In addition, products and services related to microfiltration, iron & manganese removal, ultrafiltration, water softening, pumps, valves, scrapers, sludge dewatering equipment and screening machines, magnetic flowmeters, large chlorinators for water/wastewater systems, water recycling technologies, zero-discharge systems, ozonation and reverse osmosis are areas that could also provide business opportunities for U.S. companies.

Last but not least, “smart city” projects are expected to be completed in both Yangon and Mandalay by 2021. Environmentally friendly technologies such as multi-purpose card and payment systems, smart waste management systems, carbon reduction and air quality control systems, and traffic management and monitoring systems are in high demand for on-going “smart city” projects.

### **Web Resources**

[Ministry of Transportation and Communications - Directorate of Water Resources and Improvement of River Systems](#)

[Myanmar Engineering Society \(MES\)](#)

[Myanmar Industries Association \(MIA\)](#)

[Yangon City Development Committee \(YCDC\)](#)

[Yangon City Development Committee \(YCDC\) - Pollution Control & Cleansing Department](#)

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## **Customs, Regulations & Standards**

The Ministry of Commerce (MOC) oversees trade and enhances Myanmar's economic reform by encouraging private sector participation, promoting international trade activities and setting policies, rules and regulations. Under the umbrella of the MOC, the Department of Trade, the Department of Consumer Affairs and the Myanmar Trade Promotion Organization have formed five policy objectives: free market policy making, using ICT to promote exports and trade, promoting regional cooperation to enhance trade activities, upgrading overall trade environment and maintaining price stability to ensure a favorable trade sector.

Under the Ministry of Planning and Finance (MOPF), the Customs Department manages the Myanmar Customs Information System (MCIS) and the Myanmar Automated Cargo Clearance System (MACCS) which is an online system linking with other governmental associations to support the National Single Window implementation to join the ASEAN Single Window.

## **Trade Barriers**

While Myanmar has made progress with favorable economic and legal reforms and the removal of some significant trade barriers, such as restrictive license requirements, export taxes and arbitrary exchange rates, many issues surrounding trade policy still remain.

In 2012, the government formally terminated a dual exchange rate system, which hindered foreign trade and investment and replaced it with a current exchange rate, a managed float regime that closely reflects the true market rate. Nevertheless, the private financial sector, foreign exchange market and regulatory framework remain significantly underdeveloped and require increased technical support for implementation and long-term strategic planning.

Apart from the exception for trade activities in the Special Economic Zones (SEZ) (two of three, Kyauk Phyu SEZ in Rakhine State and Dawei SEZ in the Tanintharyi region, currently face delays; only the Thilawa SEZ in the Yangon region is on track), trading with Myanmar requires certificates of exporter/importer registration, import permits and licenses by the Ministry of Commerce. International firms have been prohibited from participating in any form of onshore trade until recently when a relaxation was allowed only due to urgent needs in the agricultural and medical sectors.

Meanwhile, when the U.S. government lifted the country program of economic sanctions, including some against certain individuals and selected companies, trade began to increase with a significant rise from \$196.9 million in FY 2015-2016 to \$690.6 million in FY 2016-2017 and then, \$718.38 million in FY 2017-2018. Then, reflecting a downward adjustment of Myanmar's economic growth (the World Bank projected a decrease from 6.8 percent in 2017-2018 to 6.2 percent in 2018-2019), the value of trade between the United States and Myanmar reduced to \$455.72 million in 2018.

Although the Government of Myanmar removed some trade barriers, especially with ASEAN countries, Myanmar's overall trade has seen fluctuations given the issues in Rakhine, the potential loss of the Generalized Scheme of Preferences by the European Union (EU), and currency volatility (resulting in significant kyat depreciation - approximately 18 percent versus the U.S. dollar) with its negative impact on imports and the inflation rate.

## **Import Tariffs**

Myanmar is a member of the World Trade Organization (WTO), but international tariff standards cover only 18 percent of its goods and services. While its commitment to binding international tariffs agreements is limited, Myanmar generally levies tariffs that are comparable or lower than that of other countries in the region. Myanmar tariffs generally range from zero to 40 percent. Luxury items have the highest tariffs. As a member of the ASEAN Free Trade Area (AFTA), Myanmar has committed the Common Effective Preferential Tariff Scheme (CEPT) to reduce intra-ASEAN import tariffs for all tariff

lines by 2018. For more information on custom tariff rates, please visit the Myanmar Customs Department page: <http://www.myanmarcustoms.gov.mm>

The government can levy three types of taxes on imports: import duties, commercial taxes, license fees. The Custom Department bases valuation on the customs, insurance and freight (CIF) value. For some commodities, the Customs Department uses its own reference guide to determine the value of imports. The guide lists prices in kyat based on the price of these goods in Myanmar, sometimes substantially lower or higher than their value outside Myanmar. The national portal can be accessed at: <http://www.myanmartradeportal.gov.mm>

Taxes collected by MACCS

The following lists 10 types of taxes which can be collected by MACCS:

1. Customs Duty
2. Commercial Tax
3. Security Free (for X-ray) Redemption Deposit or Post Value Revenue Deposit (RD or PVRD)
4. Specific Goods Tax
5. Transit Duty
6. Advanced income Tax
7. MACCS Service Fees
8. Redemption Fund (RF)
9. Direct Penalty (DP)
10. License Fees

## **Import Requirements & Documentation**

Concerning import licenses, the Government of Myanmar has embraced important liberalization measures to facilitate trade transactions. Since 2013, the Government of Myanmar has removed license requirements for 593 imported goods, including: processed foods, garments, paper products, paints, cosmetics, automobile parts, tires, construction materials, electrical appliances, computer accessories and medical products. It still requires import and export licenses for all remaining goods. The Government of Myanmar maintains an unpublished list of restricted imports, but amidst recent reforms it is unclear what, if any, regulations are currently enforced.

Different rules apply to imports depending on whether they are commercial or non-commercial in nature. As the laws and regulations governing imports are complex, most importers use professional experts such as freight forwarders and customs brokers to assist in planning and carrying out import transactions. Note the required [steps](#) for importing goods into Myanmar.

Special Customs Procedures can be found at: <https://www.myanmartradeportal.gov.mm/en/special-customs-procedures>

## **Labeling/Marking Requirements**

Certain images, such as those that display a Buddha image or the national flag, cannot be used on labels or trademarks. In addition, Myanmar follows Codex guidelines and the ASEAN Common Principles and Requirements for the Labeling of Prepackaged Foods. All foods must be labeled and imported products must have the labels which must be affixed with the name and address of the local importer and/or distributor and the country of origin.

## **U.S. Export Controls**

The U.S. government maintains a suspension of all licenses and other approvals to export/transfer defense articles or services to Myanmar under section 38 of the Arms Export Control Act (22 U.S.C. sec. 2778, as implemented by 22 C.F.R 126.1).

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE's data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at [www.bis.doc.gov](http://www.bis.doc.gov) or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322  
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at:  
<http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use

Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)," or warning signs, intended to discover possible violations of the EAR. Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars. BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR. The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>

## **Temporary Entry**

The government may allow temporary imports and exports for trade promotion or assembly purposes, with proper documentation from the Customs Department.

## **Prohibited & Restricted Imports**

The Directorate of Trade within the Ministry of Commerce, oversees amendments to the Commerce Ministry's list of prohibited imports. The list is published in trade bulletins and publications, but changes with little notice. The current list includes counterfeit money and goods, pornographic articles, narcotic drugs, playing cards, and items featuring images of the Buddha, Myanmar pagodas, or the flag of Myanmar. More detailed information can be found at: <http://www.myanmartradeportal.gov.mm/index.php?r=site/display&id=792>



## Customs Regulations

Under the Ministry of Planning and Finance (MOPF), the Customs Department manages the Myanmar Customs Information System (MCIS) and the Myanmar Automated Cargo Clearance System (MACCS) which is an online system linking with other governmental associations to support the National Single Window (NSW) implementation to join the ASEAN Single Window. This Single Window will facilitate Myanmar's trade, not just with its ASEAN partners, but also globally by enhancing Myanmar's role as a trade crossroads.

For more information, please see at [Myanmar Customs Department website](#).

## Standards for Trade

### Overview

Myanmar is progressively looking outward and supports the multilateral trading system (MTS). An open global trading system, including access to export markets and inward flows of FDI will enhance Myanmar's economic development. The Ministry of Commerce (MOC) oversees trade and enhances Myanmar's economic reform by encouraging private sector participation, promoting international trade activities and setting policies, rules and regulations. Under the umbrella of the MOC, the Department of Trade, the Department of Consumer Affairs and the Myanmar Trade Promotion Organization have formed five policy objectives: free market policy making, using ICT to promote exports and trade, promoting regional cooperation to enhance trade activities, upgrading overall trade environment and maintaining price stability to ensure a favorable trade sector.

The English translation of the Law on Standardization of 2014 can be accessed at [Myanmar's Standards for Trade webpage: https://myanmarstandards.org.mm](#). Technical regulations exist in many sectors. Myanmar's extensive black market, filled with counterfeit or unregistered products (notably pharmaceuticals and motor vehicles) that are imported illegally from neighboring countries, exacerbates the problem of regulatory enforcement.

Myanmar became a member of the International Organization for Standardization (ISO) in 1957, withdrew in 1965, and on July 1, 2005, rejoined as a corresponding member. Myanmar's trade policy is strongly influenced by its participation in ASEAN, where it participates in the ASEAN Consultative Committee on Standards and Quality and is a signatory to various ASEAN agreements on standards and regulatory harmonization.

### Standards

The Law on Standardization can be found at <https://myanmarstandards.org.mm/law>.

Responsibility for drafting and enforcing various technical regulations rests with myriad government departments, although it should be noted that government agencies responsible for setting and enforcing standards are generally underfunded and inefficient. The primary organizations that set and enforce technical regulations are:

- Inland Water Transport Department (under the Ministry of Transport and Communications) sets and enforces standards for water vehicle safety and operation (spot checked).
- Myanmar Engineers Association, which has some private sector membership, is working on establishing building codes and standards (though they do not yet exist comprehensively).
- Road Transport Administration Department (under the Ministry of Transport and Communications) sets and enforces standards for motor vehicle safety and emissions (checked annually).

- The Department of Research and Innovation (DRI) (under the Ministry of Education) maintains a standards library with national and international standards references and is the designated contact point for standardization issues.
- The Ministry of Health's Food and Drug Board of Authority (FDBA), oversees the national Food and Drug Administration (FDA) and its provincial and township affiliates. The FDBA and FDA are responsible for promulgating and enforcing regulations and standards in the food and pharmaceutical industries (including imports).
- The Ministry of Health's Public Health Department, in cooperation with various city governments (or "Development Committees"), is responsible for licensing and enforcing hygiene standards at restaurants and street stalls.
- The Timber Certification Committee of Myanmar (TCCM) is the national governing body to monitor timber certification and distribute Myanmar timber to the international market.
- The Yangon City Development Committee (YCDC), Yangon's municipal government, is responsible for establishing weights and measures used countrywide and for enforcing violations of metrology standards.

### **Testing, inspection and certification**

Publication of technical regulations

"Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country/ies and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated website are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce."

### **Contact Information**

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### **Trade Agreements**

As a member of ASEAN, Myanmar participates in all intra-ASEAN agreements as well as multilateral free trade agreements with Australia, New Zealand, China, India, Japan, and South Korea. ASEAN Free Trade Area (AFTA) was established in Myanmar in 1998 with an objective to eliminate tariffs for all tariff lines by 2018. Free Trade Agreements (FTAs) have been signed with China, Hong Kong, Japan, Korea, India, Australia and New Zealand.

Myanmar has bilateral trade agreements with Bangladesh, Sri Lanka, China, South Korea, Laos, Malaysia, India, the Philippines, Thailand, and Vietnam in the Asian region, as well as with a number of Eastern European countries. Myanmar is a member of WTO and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Myanmar has border trade agreements with China, India, Bangladesh, Thailand, and Laos. The Government of Myanmar has signed a number of Memoranda of Understanding to expand bilateral trade with those countries. The United States and Myanmar also signed a Trade and Investment Framework Agreement in May 2013.

For more information on Myanmar trade policy, visit the WTO website: <https://docsonline.wto.org>

### **Licensing Requirements for Professional Services**

Foreign accountants are restricted under the accountancy council law and foreign lawyers are not recognized by the Court and the Bar. It is possible to provide consultancy services by registering the company locally. Foreign engineers and medical doctors are hired by both foreign and local firms.

### **Web Resources**

[Ministry of Commerce](#)

[Myanmar Custom Tariff 2017](#)

[Myanmar Customs Department](#)

[Myanmar National Trade Portal](#)

[Directorate of Investment and Company Administration \(DICA\)](#)

[World Trade Organization](#)

[United States Trade Representative](#)

# Investment Climate Statement

## Executive Summary

After years of economic isolation and a challenging political transformation, Myanmar has begun to implement the necessary reforms to spur economic development and attract foreign investment. Over the past several years, the government has addressed some of the long-standing obstacles to economic growth, including eliminating multiple exchange rates, reducing trade restrictions, reforming tax policy and administration, passing a new arbitration law and labor legislation in line with international standards, and easing some of the administrative hurdles to doing business in Myanmar. The government passed its new Myanmar Companies Law in December 2017, designed to make it easier to start and operate small businesses. This builds on the reforms within the new Investment Law passed in October 2016. The updated Companies Law is expected to go into force in August 2018. The Companies Law and the Investment Law represent a series of reforms aimed at modernizing Myanmar's commercial framework. Myanmar now faces the challenge of implementing its laws and regulations to support its goal of inclusive economic growth. It also faces the challenge of shedding the prior military government's attitude that the government should control all aspects of the economy.

Progress in strengthening the financial sector and passing economic reform legislation has attracted foreign investment into Myanmar. According to World Bank estimates, Myanmar experienced a 5.9 percent growth rate between 2016/17 and projected growth for 2017/18 is 6.4 percent. In contrast to previous decades, when the majority of foreign direct investment (FDI) went into natural resource sectors, since 2011, FDI has largely gone to the transportation and communication, manufacturing, real estate, and tourism sectors. While still facing implementation challenges, Aung San Suu Kyi's National League for Democracy (NLD)-led government has countered government corruption and called for greater transparency and foreign investment. In 2017, Myanmar ranked 130 of 175 countries on Transparency International's Corruption Perception Index, an improvement from the 2016 ranking of 136. Myanmar's financial sector, while still underdeveloped, has improved sufficiently to result in the June 2016 removal of Myanmar from the Financial Action Task Force watch list. To attract more foreign investment, Myanmar must improve access to finance, establish clear land titles, increase energy supplies, and develop skilled workers. Transportation costs remain high, and the domestic banking sector has limited connectivity with the global financial system. Addressing these key constraints is critical to ensuring a fair and transparent business environment in which all enterprises can grow and create jobs. The 2017 World Bank Ease of Doing Business rankings (171 out of 190) show Myanmar still struggles with enforcement of contracts, protection of minority investors, and resolving insolvency, but improvements were made in registering property and access to credit.

Moving forward, observers expect the manufacturing, agriculture, and tourism sectors to grow and attract more FDI, with support from the democratically-elected government as Myanmar continues to reconnect to the global economy. Foreign investors are exploring investment opportunities in transportation and communication, manufacturing, real estate, and energy/power. With Myanmar's location, natural resources, and political and economic reforms, many observers are optimistic about growth and opportunities in the next several years. One limiting factor, however, is the grossly disproportionate military action leading to a humanitarian crisis in Rakhine State, where 687,000 people have crossed the border into Bangladesh, with increasing international criticism of Myanmar affecting tourism and potentially decreasing some types of investor interests.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	130 of 175	<a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a>

World Bank's  
Doing Business  
Report "Ease of  
Doing Business" 2017 171 of 190 <http://www.doingbusiness.org/rankings>

Global  
Innovation  
Index 2017 NA <https://www.globalinnovationindex.org/analysis-indicator>

U.S. FDI in  
partner country  
(\$M USD, stock  
positions) 2016 1 <http://www.bea.gov/international/factsheet/>

World Bank GNI  
per capita 2016 1,190 <http://data.worldbank.org/indicator/NY.GNP.PCAP.CD>

## Openness to and Restrictions upon Foreign Investment

### Policies Towards Foreign Direct Investment

Myanmar is open to foreign investors. In 2016, Myanmar passed the new Myanmar Investment Law (MIL) to attract more investment from both foreign and domestic businesses. The MIL is intended to simplify the rules and regulations for investment and bring Myanmar more in line with international standards. The government actively sought the advice of international experts and lawyers and held public consultations to help draft rules and regulations that were released on April 1, 2017, when the law went into effect. Myanmar also has three Special Economic Zones (SEZs) to encourage development and investment, and is continuing to expand those SEZs as they reach capacity.

The new Myanmar Companies Law will go into force in August 2018. It updates and streamlines business regulations. Pursuant to the new law, the government expects to launch a new online registry which should improve the investment climate if it is implemented well. The updated law will make it easier to start and operate small businesses, and provide the government with tools to enforce corporate governance rules and regulations. Foreign investment of up to 35 percent will be allowed in domestic companies—which will also open the stock exchange to limited foreign participation.

There is no evidence that the Myanmar Investment Commission (MIC) discriminates against foreign investors. The MIL includes a “negative list” of prohibited, restricted, and special sectors.

The Directorate for Investment and Company Administration (DICA) is Myanmar’s investment promotion agency. One of DICA’s roles is to encourage and facilitate both foreign and local investment by providing information, fostering coordination and networks between investors and continually exploring new opportunities in Myanmar that would benefit both the nation and the business community. DICA added an “Americas Desk” in 2016 to facilitate and support U.S. direct investment in Myanmar.

The government engages with chambers of commerce and foreign companies to maintain a dialogue with investors. In June 2017, MIC announced prioritized sectors related to agriculture and livestock, power, education, health care, logistics, construction for affordable housing, export promotion industries, import substitution industries, aircraft and airports, and establishment of industrial estate and urban areas both for foreign and Myanmar investors.

## Limits on Foreign Control and Right to Private Ownership and Establishment

The MIL went into effect in April 2017 and applies to all investment in Myanmar, both domestic and foreign. According to the MIL, some investments require a permit while others do not. The MIL also lists specific sectors where tax incentives are available. Under the MIL, foreign investors are now able to enter into long term leases. The MIL revised restrictions on investment to liberalize investment. Section 42 of the MIL lists types of investment activities that only the Union government can undertake; that are not permitted for foreign investors; that are permitted only as a joint-venture with resident citizens or citizen-owned entities; and that are subject to specifically prescribed conditions (e.g. approval from relevant ministries).

When forming or registering a business in Myanmar, generally two options exist: (i) registration under the 1914 Companies Act only or (ii) registration as a MIC-company under the MIL (with registration under the 2014 Special Economic Zone Law for businesses located in a Special Economic Zone as a third option). Under the MIL, investors involved in the following businesses must still submit a proposal to the MIC and apply for a permit: businesses/investment activities that are strategic for the Union; large capital intensive investment projects; projects which have large potential impacts on the environment and local communities; businesses/investment activities that use state-owned land and buildings; and/or businesses/investment activities that the government designates as requiring the submission of a proposal to the MIC.

The State-Owned Economic Enterprises Law, enacted in March 1989 and still in effect today, also regulates certain investments and economic activities. The previous government drafted a privatization law; the current government plans to merge this with a new state-owned enterprise (SOE) law, with discussions underway at the Ministry of Planning and Finance. As the government has encouraged more private sector development, however, SOEs are increasingly less important parts of the economy. While the 1989 law stipulated that SOEs have the sole right to carry out a range of economic activities, including teak extraction, oil and gas, banking and insurance, and electricity generation, in practice many of these areas are now open to private sector development.

The 2016 Rail Transportation Enterprise Law allows, for instance, foreign and local businesses to make certain investments in railways, including in the form of public-private partnerships.

More broadly, the MIC, "in the interest of the State," can make exceptions to the SOE law. The MIC has routinely granted numerous exceptions including through joint ventures or special licenses in the areas of banking (for domestic investors only), mining, petroleum and natural gas extraction, telecommunications, radio and television broadcasting, and air transport services.

The Myanmar military is associated with the Union of Myanmar Economic Holdings, Ltd. (UMEHL) and runs the Myanmar Economic Corporation (MEC), two large conglomerates with many commercial interests. As government policies continue to allow for greater private sector involvement in the economy, the market share of these conglomerates is decreasing.

### Other Investment Policy Reviews

The OECD conducted an investment policy review of Myanmar in March 2014. The entire report can be found at: <http://www.oecd.org/daf/inv/investment-policy/Myanmar-IPR-2014.pdf>.

The World Trade Organization (WTO) conducted a trade policy review of Myanmar in March 2014. The entire report can be found at: [https://www.wto.org/english/tratop\\_e/tp\\_r\\_e/tp393\\_e.htm](https://www.wto.org/english/tratop_e/tp_r_e/tp393_e.htm).

The World Bank's Doing Business 2017 report includes an analysis of Myanmar's investment sectors and business environment, and can be found at: <http://www.doingbusiness.org/data/exploreeconomies/myanmar/>

The World Bank also conducted an enterprise survey of Myanmar in 2016, the results of which can be found at: <http://www.enterprisesurveys.org/data/exploreeconomies/2016/myanmar>

## Business Facilitation

The Directorate of Investment and Company Administration (DICA) website (<http://www.dica.gov.mm/>) provides information on how to register a business in Myanmar. Registration is the first step a businessperson must take before incorporating a company or making an investment in Myanmar, whether that person is a citizen of Myanmar or a foreigner. In accordance with the Myanmar Companies Act of 1914 and the Special Companies Act of 1950, a company may register in one of the following forms: as a private or public company by Myanmar citizens, as a foreign company or branch of a foreign company, as a joint venture company, or as an association/nonprofit organization. First steps include checking availability of the company name at DICA, obtaining company registration forms at DICA and paying a stamp duty, and submitting the forms and paying a company registration fee. Under the new Companies Law, signed in December 2017 and expected to go into force August 2018, company registration will be available online and the process will be simplified. In addition to liberalization of corporate structures and the standardization of corporate governance rules, registration fees will be reduced along with regulations over small- and medium-sized business. The law will also eliminate the need for companies to get a “permit to trade,” removing an obstacle businesses faced under the old version of the law.

The MIC is responsible for verifying and approving investment proposals and regularly issues notifications about sector-specific developments. The MIC is comprised of representatives and experts from government ministries, departments and governmental and non-governmental bodies. Companies can use the DICA website to retrieve information on requirements for MIC permit applications and submit a proposal to the MIC. If the proposal meets the criteria, it will be accepted within 15 days. If accepted, the MIC will review the proposal and reach a decision within 90 days. The MIC issued a statement in March 2016 granting authority to state and regional investment committees to approve any investment with capital of under USD \$5 million. Such investments no longer need to seek approval from the MIC.

To attract foreign and domestic investors, the MIC has released lists of townships that fall under three different zones/categories: underdeveloped, moderately developed, and adequately developed. Investors will receive a tax break of seven years, five years or three years when they make investments in these respective zones. A total of 166 townships fall under the least developed zone category. In 2017, DICA expanded its presence throughout Myanmar to support companies and promote investment in of all the country's states and regions.

## Outward Investment

Myanmar does not promote outward investment, nor does it restrict domestic investors from investing abroad.

## Bilateral Investment Agreements and Taxation Treaties

Myanmar has signed and ratified several bilateral investment agreements with China, India, Japan, Philippines, and Thailand. It has also signed bilateral investment agreements with Israel, Laos, South Korea, and Vietnam although these have not yet entered into force. Myanmar has engaged in investment treaty negotiations with Bangladesh, China, Hong Kong, Iran, Mongolia, Russia, and Serbia. Texts of the agreements or treaties that have come into force are available on the UNCTAD website at: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/144>.

In 2013, the United States and Myanmar signed a Trade and Investment Framework Agreement. Myanmar does not have a bilateral investment treaty or a free trade agreement with the United States.

Through its membership in ASEAN, Myanmar is also a party to the ASEAN Comprehensive Investment Agreement, as well as to the ASEAN-Australia-New Zealand Free Trade Agreement, the ASEAN-Korea Free



Trade Agreement, and the China-ASEAN Free Trade Agreement, all of which contain an investment chapter that provides protection standards to qualifying foreign investors.

Myanmar has bilateral trade agreements with Bangladesh, Sri Lanka, China, South Korea, Laos, Malaysia, the Philippines, Thailand, and Vietnam in the Asian region, as well as with a number of Eastern European countries.

Myanmar has Avoidance of Double Taxation Agreements with the United Kingdom, Singapore, India, Malaysia, Vietnam and South Korea.

Myanmar does not have a bilateral taxation treaty with the United States.

## **Legal Regime**

### Transparency of the Regulatory System

Myanmar lacks regulatory and legal transparency. In the past, all existing regulations were subject to change with no advance or written notice, and without opportunity for public comment. Some Ministries now engage in public consultation before promulgating bills or issuing new regulations. For instance, the 2016 Investment Law was presented to the public and open for comments, including the drafting of the rules and regulations, which went through three rounds of public consultations. While there is no legal requirement to have public consultation, 75 percent of parliamentarians are elected representatives of their constituencies and are expected to respond to public engagement. An active and vocal civil society, alongside advances in press freedom, also results in more public discourse about proposed legislation and regulations than in the past.

The government of Myanmar publishes information online on government websites and has established websites through which businesses can access trade information. The Ministry of Commerce publishes a weekly Commerce Journal and a monthly Trade News booklet, providing trade-related information, and in May 2016, launched the National Trade Portal. The government of Myanmar publishes new regulations and laws in government-run newspapers and "The Myanmar Gazette." Myanmar has issued the annual Citizen Budget in the Myanmar language since FY 2015-16. The Ministry of Planning and Finance has published quarterly budget execution reports, six-month overview of budget execution reports and annual budget execution reports on its website since FY 2015-16. (See <https://www.mopf.gov.mm/>) The Myanmar government also publishes its debt obligation report on the Treasury Department's Facebook page. (See <https://www.facebook.com/Treasury-Department-of-Myanmar-777018172438019/>). For more information on Myanmar's regulatory transparency see

<http://rulemaking.worldbank.org/data/explorecountries/myanmar>.

As part of the government's commitment to transparency of its regulatory system, Myanmar became a candidate country in the Extractive Industries Transparency Initiative in 2014, and on January 2, 2016 Myanmar's Extractive Industries Transparency Initiative (EITI) National Coordination Office, a global standard for the promotion of revenue transparency, submitted the country's first EITI report covering three sub-sectors for 2013-2014 – Oil and Gas, Gems and Jade, and other minerals. The government announced its new EITI authority, the administrative body for the EITI process, in December 2016. In March 2018, the government published its second and third reports for FY 2014/15 and FY 2015/16 FY; a forestry sector report is expected in June 2018. (See <https://eiti.org/myanmar>, <http://myanmareiti.org/my/meiti-reconciliation-report-2014-2015-0>, and <http://myanmareiti.org/my/meiti-reconciliation-report-2015-2016>)

### International Regulatory Considerations

In 2016, the Ministry of Commerce launched its new National Trade Portal and Repository, an online platform that has all of Myanmar's laws, processes, forms, and points of contact for trade. This portal represents increased transparency in Myanmar and also meets Myanmar's requirements under Articles



12 and 13 of the ASEAN Trade in Goods Agreement. While Myanmar is not in compliance with WTO notification requirements, the government developed a WTO notification strategy that is expected to go into effect in 2018. This should increase the number and quality of notifications. More information on the Trade Portal can be found at: <http://www.myanmartradeportal.gov.mm/index.php>.

### Legal System and Judicial Independence

Myanmar's legal system is a unique combination of customary law, English common law and statutes introduced through the pre-independence India Code, and post-independence Myanmar legislation. Where there is no statute regulating a particular matter, courts are to apply Myanmar's general law, which is based on English common law as adopted and molded by Myanmar case law. Every state and region has a High Court, with lower courts in each district and township. High Court judges are appointed by the President while district and township judges are appointed by the Chief Justice through the Office of the Supreme Court of the Union. The Union Attorney General's law officers (prosecutors) operate sub-national offices in each state, region, district, and township.

The Attorney General enforces standards of due process in the criminal justice system and provides the government's law officers with a mandate to act as an independent check in the criminal justice system. The Ministry of Home Affairs, led by a minister appointed by the Commander-in-Chief but reporting to the President, retains oversight of the Myanmar Police Force, which files cases directly with the courts. While foreign companies have the right to bring cases to and defend themselves in local courts, there are concerns about the impartiality and lack of independence of the courts.

In order to address the concerns of foreign investors regarding dispute settlement, the government acceded in 2013 to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("New York Convention"). In 2016, Myanmar's parliament enacted the much-anticipated Arbitration Law, putting the New York Convention into effect and replacing arbitration legislation that was more than 70 years old. Since April 2016, foreign companies can pursue arbitration in a third country. However, the Arbitration Law does not eliminate all risks. There is still little track record of enforcing foreign awards in Myanmar and inherent jurisdictional risks remain in any recourse to the local legal system. The new Arbitration Law however brings Myanmar's legislation more in line with internationally accepted standards in arbitration.

### Laws and Regulations on Foreign Direct Investment

The MIC plays a leading role in the regulation of foreign investment, and approves all investment projects receiving incentives except those in special economic zones, which are handled by the Central Working Body, set up under the existing Special Economic Zone Law. Joint ventures between foreign investors and SOEs are the responsibility of the relevant line ministries. There is no evidence that the MIC discriminates against foreign investors.

The MIC outlines the procedures the MIC must take in considering foreign investments. Investment approvals are made on a case-by-case basis. The MIC evaluates foreign investment proposals and stipulates the terms and conditions of investment permits. To obtain an investment permit, the investor must submit a proposal in the prescribed form to the MIC, together with supporting documentation including details of intended activities and the financial credibility of the company/individual; an undertaking not to engage in trading activities; and annual reports for the last two financial years, or copies of the company's head office's balance sheet and profit-and-loss account for the last two financial years, notarized by the Myanmar Embassy in the country where the company is incorporated. The MIC accepts or rejects an application within 15 days, and decides whether to approve the proposal within 60 days. In November 2015, the government's Cabinet approved an Environmental Impact Assessment Procedure. The Chairman of the MIC gives the final approval.

The MIC does not record foreign investments that do not require MIC approval. Joint ventures with military controlled enterprises require MIC approval and abide by the same rules as other investments. Many smaller investments may also go unrecorded. Once licensed, foreign firms may register their companies locally, use their permits to obtain resident visas, lease cars and real estate, and obtain import

and export licenses from the Ministry of Commerce. Foreign companies may register locally without an MIC license, in which case they are not entitled to receive the benefits and incentives provided for in the MIL. Many import and export licenses requirements have been removed since 2014; for more information see <http://www.myanmartradeportal.gov.mm/?r=site/display&id=13>

More information on the MIC and DICA can be found at: <http://www.dica.gov.mm/en/apply-mic-permit>

### Competition and Anti-Trust Laws

A Competition Law was passed on February 24, 2015, and went into effect on February 24, 2017. The objective of the law is to protect public interest from monopolistic acts, limit unfair competition, and prevent abuse of dominant position and economic concentration that weakens competition. Specifically, the Competition Law sets a foundation for creation of a regulatory body with investigative and adjudicative powers, addresses the three standard pillars of competition law (agreements that restrain competition, abuse of dominance and mergers) as well as unfair trade practices, and establishes a comprehensive penalty regime.

The law classifies four types of behavior as sanctionable violations: acts restricting competition (applicable to all persons); acts leading to monopolies (applicable only to entrepreneurs); unfair competitive acts (applicable only to entrepreneurs); and business combinations such as mergers. The law also restricts the production of goods, market penetration, technological development and investment, although the government may exempt restrictive agreements “if they are aimed at reducing production costs and benefit consumers” such as reshaping the organizational structure and business model of a business so as to improve its efficiency; enhancing technology and technological advances for the improvement of the quality of goods and service; and promoting competitiveness of small- and medium-sized enterprises.

Myanmar is not party to any bilateral or regional agreement on anti-trust cooperation.

### Expropriation and Compensation

According to the OECD’s 2014 investment policy review, Myanmar’s “expropriation regime . . . does not appear to protect investors against indirect expropriations.” In addition, it reports that Myanmar has not incorporated the principle of non-discrimination into its investment framework. Other than a constitutional safeguard that states that the government will not nationalize economic enterprises, there is no specific provision in Myanmar’s legislation against expropriation without compensation. The 2016 MIL prohibits nationalization and states that foreign investments approved by the MIC will not be nationalized during the term of their investment. In addition, the law guarantees that the government of Myanmar will not terminate an enterprise without reasonable cause, and upon expiry of the contract, the government of Myanmar guarantees an investor the withdrawal of foreign capital in the foreign currency in which the investment was made. Finally, the law states that “the Union government guarantees that it shall not cease an investment enterprise operating under a Permit of the Commission before the expiry of the permitted term without any sufficient reason.”

The new Companies Law will replace a colonial-era Myanmar Companies Act from 1914, simplifying requirements for small and family-owned businesses, improving corporate governance standards and removing outdated regulations. The new law will also allow foreign investors to hold 35 percent of shares in Myanmar firms. The authorities hope this will make it easier for local companies to attract international funding and expertise. The new legislation will not automatically treat companies with a degree of foreign ownership differently. The Director General of DICA said foreign-owned companies will be defined as those where foreign ownership exceeds 35 percent, but that the Ministry of Finance and Planning can change this ratio as the economy develops. This law would also allow foreigners to buy shares on the new Yangon Stock Exchange for the first time.

## Dispute Settlement

### ICSID Convention and New York Convention

Myanmar is not a party to the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of other States (ICSID). In 2016, the Myanmar parliament enacted the Arbitration Law, putting the 1958 New York Convention into effect (see international arbitration below).

### Investor-State Dispute Settlement

To date, Myanmar has not been party to any investment dispute. In addition, Myanmar has not been party to any dispute settlement proceeding at the WTO.

### International Commercial Arbitration and Foreign Courts

The new 2016 Arbitration Law is based on the UNCITRAL Model Law (Model Law), addressing arbitration in Myanmar as well as the enforcement of a foreign award in Myanmar. For example, the provisions relating to the definition of an arbitration agreement, the procedure of appointing arbitrator(s) and the grounds for setting aside an award, are mirrored in the Arbitration Law and the Model Law; however there are some differences between these two laws. For instance, while parties are free to decide on the substantive law in an international commercial arbitration, the Arbitration Law provides that arbitrations seated in Myanmar must adopt Myanmar law as the substantive law if those arbitrations do not fall within this definition. This may create uncertainty as to what can be defined as an international commercial dispute, such that parties are allowed to adopt any foreign law as substantive law under this provision. According to the Arbitration Law, foreign arbitral awards can be enforced if they are the result of a commercial dispute and were made at a place covered by international conventions connected to Myanmar and as notified in the State Gazette by the President. If the Myanmar court is satisfied with the award, it has to enforce it as if it were a decree of a Myanmar court. While observers note that there are still issues to be ironed out, the Arbitration Law brings Myanmar's legislation much closer to international arbitration standards and legislation.

### Bankruptcy Regulations

There is no bankruptcy law in Myanmar. Existing, antiquated insolvency laws – such as The Insolvency Act of 1910 and The Insolvency Act of 1920 – are rarely used.

## **Industrial Policies**

### Investment Incentives

According to the MIL, investors may enjoy corporate tax exemption for seven, five or three years depending on whether investment takes place in underdeveloped, moderately developed or adequately developed regions, although income tax exemption shall be granted only to the investment in promoted sectors such as agriculture, manufacturing, power generation, etc. The detailed list of all types of business which are listed as promoted sectors can be seen at the DICA website:

<https://www.dica.gov.mm/en/why-invest-myanmar>.

All investors must obtain a MIC permit. MIC permit holders are not only entitled to enjoy tax incentives but also the right to use land. With a MIC permit, foreign companies can lease regional government approved land for initial periods of up to 50 years, and two additional consecutive periods of ten years each may be extended.

DICA is officially mandated to coordinate investment promotion under the MIC, although different ministries and agencies promote investment in different sectors ( e.g. the Ministry of Tourism promotes responsible tourism investment). DICA is responsible for encouraging and facilitating foreign investment

by providing information, fostering coordination and networks between investors and continually exploring new opportunities in Myanmar that would benefit both the nation and the business communities. DICA's head office is in Yangon and it has 14 branches throughout the country including Naypyitaw, Mandalay, Taunggyi, Mawlamyaing, Patheingyi, Monywa, Dawei, Hpa-an, Bago, Magway, Loikaw, Myittha, Sittoung and Hakha. DICA uses seminars, workshops, investment fairs and other events to promote investment, as well as its website: <http://www.dica.gov.mm/en>.

#### Foreign Trade Zones/Free Ports/Trade Facilitation

The Myanmar Economic Zones Law also contains certain investment incentives. Under the law, investors located in an SEZ may apply for income tax exemption for the first five years from the date of commencement of commercial operations, followed by a reduction of the income tax rate by 50 percent for the succeeding five-year period. Under the law, if profits during the third five-year period are re-invested within one year, investors can apply for a 50 percent reduction of the income tax rate for profits derived from such re-investment. In August 2015, the Ministry of National Planning and Economic Development issued new rules governing the SEZs including the establishment of a One-Stop Service Department to ease the approval and permitting of investments in SEZs, incorporate companies, issue entry visas, issue the relevant certificates of origin, collect taxes and duties, approve employment permits and/or permissions for factory construction and other investments.

#### Performance and Data Localization Requirements

Foreign investors must recruit at least 25 percent of their skilled employees from the local labor force in the first two years of their investment. The local employment ratio increases to 50 percent for the third and fourth years, and 75 percent for the fifth and sixth years. The investors are also required to submit a report to MIC with details of the practices and training methods that have been adopted to improve the skills of Myanmar nationals.

Foreign investors are not yet required to use domestic content in goods or technology. Myanmar is currently developing laws, rules and regulations on information technology (IT), and does not have in place requirements for foreign IT providers to turn over source code and/or provide access to surveillance.

### **Protection of Property Rights**

#### Real Property

The MIL provides that any foreign investor may enter into long-term leases with private landlords or – in the case of state-owned land – the relevant government departments or government organizations, if the investor has obtained a Permit or Endorsement issued by the MIC. Upon issuance of a Permit or an Endorsement, a foreign investor may enter into leases with an initial term of up to 50 years (with the possibility to extend for two additional terms of ten years each). Longer periods of land utilization or land leases may be allowed by the MIC to promote the development of difficult-to-access regions with lower development.

However, a continuing area of concern for foreigners involves investment in large-scale land projects. Property rights of large plots of land for investment commonly are disputed because ownership is not well established, particularly following a half-century of military expropriations. It is not uncommon for foreign firms to face complaints from communities about inadequate consultation and compensation regarding land that they are seeking to lease from the government or private parties.

In January 2016, the government published the approved National Land Use Policy. The policy includes provisions on ensuring the use of effective environmental and social safeguard mechanisms; improving public participation in decision-making processes related to land use planning; improving public access to accurate information related to land use management; and developing independent dispute resolution mechanisms. The policy is to be updated every five years as necessary and stipulates that a new national

land law will be drafted and enacted using this policy. The policy also establishes the National Land Use Council. Chaired by the Vice President, the council constitutes the highest authority within the government presiding over land issues, and is intended to ensure the policy and new national land law are implemented and used as a guide for the harmonization of all existing laws relating to land in the country.

Myanmar's parliament passed the Condominium Law in 2016. The law states that up to 40 percent of condominium units of "saleable floor area" can be sold to foreign buyers. Condominium owners shall also have the shared ownership of both the land and apartment. In 2017 the Ministry of Construction pasted the Condominium Rules, implementing and clarifying provisions of the Condominium law. One clarification per the rules is that state-owned land may be registered as condominium land (Rules 20 and 21).

In accordance with the Transfer of Immovable Property Restriction Law of 1987, mortgages of immovable property are prohibited if the mortgage holder is a foreigner, foreign company or foreign bank.

#### Intellectual Property Rights (IPR)

Myanmar is in the process of improving intellectual property rights protection. Patent, trademark, industrial design, and copyright laws and regulations are antiquated and deficient, and there is minimal regulation and enforcement of existing statutes. Consequently, there is no legal protection in Myanmar for foreign copyrights. In addition, Myanmar has no trademark law, although trademark registration is possible. Some firms place caution notices in local newspapers to declare ownership of their trademarks. After publication, the owners can take criminal and/or civil action against trademark infringers. Title to a trademark depends on use of the trademark in connection with goods sold in Myanmar.

Myanmar does not have in place a judicial court specifically dealing with intellectual property rights. Disputes related to the infringement of intellectual property rights are governed by common rules of civil and criminal procedure. Similarly, there is no institution in charge of supervising the administration, registration and enforcement of intellectual property.

Myanmar is attempting to address these legal deficiencies and the high level of piracy within Myanmar. After Myanmar joined ASEAN in 1997, it agreed to modernize its intellectual property laws in accordance with the ASEAN Framework Agreement on Intellectual Property Cooperation. The Ministry of Education, with advice from external stakeholders and experts, drafted four new intellectual property bills – on trademarks, copyrights, patents, and industrial design – with the aim of creating a modern, comprehensive legal framework for intellectual property rights and improving Myanmar's business climate, but they have not yet been enacted by Parliament. In anticipation of passage of the trademark bill, Myanmar has established a single national Intellectual Property Office with USAID assistance that will monitor compliance with intellectual property laws and be responsible for further developing IPR policy and regulations. In addition, the WTO has delayed required implementation of the Trade-Related Aspects of Intellectual Property (TRIPs) Agreement for Least Developed Nations – including Myanmar – until 2021.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

#### Resources for Rights Holders

For Intellectual Property Rights issues in Myanmar, please contact:

Kitisri Sukhapinda, Regional IP Attaché

U.S. Patent and Trademark Office

American Embassy Bangkok, Thailand

Tel: (662) 205-5913

Email: /kitisri.sukhapinda@trade.gov

Information on the American Chamber of Commerce (AmCham) Myanmar Chapter can be found at:  
<http://www.amchammyanmar.com/>

Information on legal service providers available in Myanmar can be found at:  
[http://Myanmar.usembassy.gov/legal\\_assistance.html](http://Myanmar.usembassy.gov/legal_assistance.html)

## **Financial Sector**

### Capital Markets and Portfolio Investment

Myanmar has very small publicly traded equity and debt markets. Banks have been the primary buyers of government bonds issued by Myanmar's Central Bank, which has established a nascent bond market auction system. The Central Bank issues government treasury bonds with maturities of two, three, and five years.

The Myanmar government opened the Yangon Stock Exchange in 2015, and the first company was listed on March 25, 2016. As of April 2018, five companies are listed on the exchange. Japan Exchange Group and Japan-based Daiwa Securities Group helped launch the bourse, owning a combined 49 percent of the stock exchange, with the remaining 51 percent owned by state-owned Myanma Economic Bank. In 2013, the Securities Exchange Law came into effect, establishing a securities and exchange commission and helping clarify licensing for securities businesses (such as dealing, brokerage, underwriting, investment advisory and company representation). The New Companies Law will allow foreign investment of up to 35 percent in domestic companies and allow foreign investment in the stock market.

### Money and Banking System

Myanmar's banks continue to face a number of significant regulatory restrictions that limit the growth of the formal financial sector. Myanmar's Central Bank is tasked with supervisory and regulatory functions for the banking sector. The Central Bank's policy objectives include domestic price stability, financial stability, and efficient payment systems, and it is responsible for approving new banks and supervising new and existing banks. In 2013, the Central Bank Law established the Central Bank as independent from the Ministry of Finance.

In October 2014, the government awarded limited banking licenses to nine foreign banks – all from the Asia-Pacific region – allowing each bank to set up one branch and provide loans to foreign companies. All nine banks began operations by the end of October 2015. In mid-December 2015, the Myanmar government announced a second round of foreign bank licensing, designed to increase the presence of banks headquartered in a wider variety of countries, and in early March 2016 the Central Bank granted new licenses to banks headquartered in India, South Korea, Taiwan, and Vietnam. Foreign banks are restricted to providing loans to foreign entities and are required to partner with local banks in order to lend in local currency and lend to local companies. Myanmar's largest private bank, KBZ, and Japan-headquartered Sumitomo Mitsui Banking Corporation announced in February 2017 the beginning of a direct correspondent relationship between the United States and Myanmar via Sumitomo Mitsui's New York branch office.

The Financial Institution Law was enacted in January 2016. In Myanmar's banking sector, credit is extended through loans not exceeding 12 months – the maximum duration the Central Bank allows – and these are routinely rolled over with capitalization of interest, masking non-performing loans both to banks, the Central Bank, and international financial institutions. Insufficient access to formal sources of



credit is the most frequently identified obstacle to doing business in Myanmar, according to numerous business surveys. There are high levels of informality throughout the economy, with a pervasive, unregulated financial sector constituting the large majority of lending. In July 2017, the Central Bank issued four regulations on capital adequacy ratio, asset classification and provisioning, large exposures and liquidity ratio requirements aiming to align Myanmar's banking standards with international Basel II standards.

## Foreign Exchange and Remittances

### Foreign Exchange

Since 2012, the Central Bank of Myanmar runs a managed float of the Myanmar kyat. Although the exchange rate is determined by daily dollar auctions at Myanmar's Central Bank, the open market often sells foreign exchange at illegal rates outside of the 0.8 percent band around the Central Bank's daily rate.

### Remittance Policies

According to the MIL, foreign investors have the right of remittance of foreign currency. Foreign investors are allowed to remit foreign currency overseas through banks which are authorized to conduct foreign banking business at the prevailing exchange rate. Banks began introducing remittance services during 2012 and the volume of such formal transfer is low but growing, according to local bank managers.

Nevertheless, in practice, the transfer of money in or out of Myanmar has been difficult, as many international banks have been slow to update their internal prohibitions on conducting business in Myanmar, given the long history of U.S. and European sanctions that had isolated the country. The majority of foreign currency transactions are conducted through banks in Singapore.

The difficulties presented by the formal banking system are reflected in the continued use of informal sources of finance for loans and remittances by both the public and businesses. Although these informal sources tend to have higher interest charges, they offer an alternative to the limited loan services offered by banks, which generally provide only short-term credit for trade on a limited basis and require collateral. Remittances are also often made through a well-developed informal financial network (commonly known as the "Hundi system").

Myanmar is a "country of primary money laundering concern" according to the 2017 International Narcotics Control Strategy Report. According to the report, Myanmar is not a regional or offshore financial center, and its economy is underdeveloped and its historically isolated banking sector is just beginning to reconnect to the international financial system. However, the report notes that Myanmar's prolific drug production and lack of financial transparency make it attractive for money laundering. Myanmar enacted anti-money-laundering laws in 2014 and issued relevant rules in 2015. Myanmar's Financial Intelligence Unit (FIU) is the agency to investigate and take legal action. The FIU is now a part of Myanmar's police force under the Ministry of Home Affairs.

The FIU is building its capacity to become an independent unit in line with the recommendations of the Financial Action Task Force. In July 2016, Myanmar was delisted from the Financial Action Task Force list. While Myanmar is still designated as a jurisdiction of "primary money laundering concern" under Section 311 of the USA PATRIOT Act, the U.

S. Department of the Treasury issued an administrative exception to this finding in October 2016, similar to waivers issued for certain banks since 2012, thereby allowing corresponding banking relationships with the United States. For more information on the Department of Treasury exception, please see: <https://www.fincen.gov/news/news-releases/fincen-issues-exception-prohibition-imposed-section-311-action-against-Myanmar>

Myanmar does not engage in currency manipulation tactics.

## Sovereign Wealth Funds

Myanmar does not have a sovereign wealth fund.

## State-Owned Enterprises

Revenue from SOEs contributes about 40 percent of the total revenue of Myanmar, while costs of SOEs amount to 35 percent of expenditures. In July 2016, the NLD announced 12 economic policies including to reform SOEs and to privatize SOEs, designed to enable the private sector to create employment opportunities. During 2017, Myanmar initiated more transparency-related initiatives by publishing the executive budget proposal for FY 2017-18 and sent to Parliament SOE commercial statements for FY 2015-16, FY 2016-17, and FY 2017-18. The disaggregate figures of each SOE under the respective ministries are made public, but are only available in the Myanmar language.

Starting in 2012, the government of Myanmar began taking steps to reduce SOEs' reliance on government support and to make them more competitive through joint ventures. This included reducing budget subsidies for financing the raw material requirements of SOEs. The government of Myanmar has moved in the direction of public private partnerships, corporatization, and privatization. Myanmar is not party to the Government Procurement Agreement (GPA) within the framework of the WTO.

SOEs can secure loans at four percent interest rates from state-owned banks, with approval from the cabinet. Private enterprises, unlike SOEs, are forced to provide land or other real estate as collateral in order to be considered for a loan. However, SOEs are now subject to stricter financial discipline, as the government has sharply cut direct subsidies to the SOEs while opening markets for competition with the private sector. Furthermore, the government is removing the easy credit from state banks. SOEs historically had an advantage over private entities in terms of land access since, according to the Constitution, the State owns all the land.

## Privatization Program

According to the government of Myanmar, the private sector accounts for a majority of the country's GDP, with the State participating in telecommunication services, social and public administration, energy, forestry, construction, and electricity. The activities of the two military associated conglomerates of MEHL and MEC are not included in the budget data; these companies are not considered SOEs under Myanmar law.

The new government has prioritized the privatization of SOEs, largely because many of these entities cost the government money. In May 2016, the NLD appointed the new members of the Privatization Commission headed by a Vice-President. The Minister of Planning and Finance is the secretary of the commission. Privatization can take the form of system-sharing, public-private partnership, private-private partnership, franchise, joint-venture, and sales of assets in line with international standards.

## Responsible Business Conduct

Myanmar's awareness of corporate social responsibility (CSR) is growing. However, many local companies (and some international firms) still equate CSR with in-kind donations or charitable contributions. In recent years the Union of Myanmar Chambers of Commerce and Industry (UMFCCI), Myanmar's largest private sector association, has been promoting the United Nations Global Compact and CSR principles in general. Myanmar's Cabinet approved the Environment Impact Assessment (EIA) Procedure in November 2015, requiring investors to not only accept social and environmental conservation, but to also highlight transparency and publicize their work in "real time." Investors are required to self-monitor projects and report concerns to the relevant government departments. Since 2011, Myanmar civil society organizations have become more vocal in protesting against companies or government-sponsored projects that they view as violating social standards.



Myanmar has implemented the OECD Guidelines for Multinational Enterprises. According to DICA, the MIL was itself passed in response to the OECD call for a level playing field, by merging the previously separate domestic and foreign investment laws.

## **Corruption**

The elected government has prioritized fighting corruption, and has succeeded in countering high-level corruption to some extent. Low-level corruption is still common in some areas but business representatives report a sharp decrease in required payments. In its 2017 Corruption Perceptions Index, Transparency International rated Myanmar 130 out of 175 countries, continuing a trend of improvement. Investors might face corruption when seeking investment permits, during the taxation process, when applying for import and export licenses, and when negotiating land and real estate leases.

The government of Myanmar recognizes the international community's perception of corruption in the country. In 2016, the government issued Anti-Corruption Rules detailing the powers and functions of an investigation board and an Anti-Corruption Commission established by the 2013 Anti-Corruption Law. The rules also outline obligations of banks in response to an investigation, but do not create an obligation for proactive reporting when corruption is suspected.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Myanmar signed the UN Anticorruption Convention in 2005, and ratified it December 20, 2012.

Myanmar is not party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Amy Roth, Economic Officer

U.S. Embassy/110 University Avenue/Kamayut Township 11041/Rangoon, Myanmar

Telephone: 95 (0)1 536 509 Ext. 4248

Email Address: MyanmarBusiness@state.gov

## **Political and Security Environment**

While violence or demonstrations rarely target U.S. or other Western interests in Myanmar, several ethnic armed groups are engaged in ongoing civil conflict with the government of Myanmar. On October 15, 2015 the government of Myanmar and eight ethnic armed groups signed a Nationwide Ceasefire Agreement (NCA); however, several ethnic armed groups did not sign this new agreement and conflict with the government of Myanmar has escalated in some parts of the country. Two additional armed ethnic groups joined the NCA in February 2018.

The government is sensitive to the threat of terrorism and is engaged with international partners. There is no evidence to suggest that terrorist organizations have operational capacity in Myanmar or are actively targeting Western interests. While most of the major cities are quite safe, several areas of the country routinely see conflict between the government and ethnic armed groups. Recently, there has been a rise in attacks involving Improvised Explosive Devices (IEDs). These bombings are often perpetrated by ethnic armed groups or other anti-state actors and generally target government security forces. Ethnic armed groups have used IEDs in Rakhine, Chin, Shan, and Kachin States during attacks on government security forces, and the continued use of landmines by the Myanmar military and ethnic armed groups in the north, northeast, and southeast has led to an increase in landmine incidents over the

past year. Civilians have also been killed in the north and northeast as a result of airstrikes and increased use of heavy weapons by the Myanmar military.

On August 25, 2017, a Rohingya insurgent group attacked approximately 30 security outposts in northern Rakhine State. The government characterized this event as a terrorist attack, and Myanmar's security forces launched clearance operations throughout northern Rakhine State. Hundreds of Rohingya villages were burned, and there were widespread, credible allegations of abuses by security forces. Some 687,000 Rohingya fled to Bangladesh, and tens of thousands of non-Rohingya were displaced inside Rakhine State. In November 2017, the U.S. Secretary of State determined that the situation constituted ethnic cleansing. Violence has not spread to other areas of Myanmar as a result of the crisis in Rakhine State although, as noted above, certain states in Myanmar continue to experience ethnic or religious violence. Myanmar has a minority Muslim population, and violence between Buddhists and Muslims did break out in other parts of the country in 2013 and 2014 following intercommunal violence in Rakhine State in 2012.

### **Labor Policies and Practices**

In October 2011, the Government of Myanmar passed the Labor Organization Law, which legalized the formation of trade unions and allows workers to strike. As of April 2018 roughly 2,750 enterprise level unions had been formed in a variety of industries ranging from garments and textiles to agriculture to heavy industry. The passage of the Labor Organization Law has engendered a nascent labor movement in Myanmar, and there is a low, yet increasing, level of awareness of labor issues among workers, employers, and even government officials.

Myanmar's labor costs are low, even when compared to most of its Southeast Asian neighbors. Skilled labor and managerial staff are in high demand and short supply, leading to high turnover. The military's nationalization of schools in 1964, its discouragement of English language classes in favor of Myanmar, the lack of investment in education by the previous governments of Myanmar, and the repeated closing of Myanmar universities from 1988 to the mid-2000's have taken a toll on the country's work force. Most in the 15-39-year-old demographic group lack technical skills and English proficiency. In order to address this gap, the government of Myanmar's Employment and Skill Development Law entered into effect in December 2013 and is being further revised. The law provides for compulsory contributions on the part of employers to a "skill development fund," although this provision has not been implemented. According to the government, 70 percent of Myanmar's population is employed in agriculture.

According to the World Bank's 2014 "Ending Poverty and Boosting Prosperity in a Time of Transition" report on Myanmar, 73 percent of the total labor force in Myanmar was employed in the informal sector in 2010, or 57 percent excluding agricultural workers. Casual laborers represented another 18 percent, mainly from the rural areas. Unpaid family workers represent another 15 percent. According to the government's labor force survey, the informal sector accounts for 75.6 percent.

A new national minimum wage is expected to go into effect in April 2018, raising the minimum wage from 3600 kyat (\$2.80) to 4800 kyat (\$3.70). The minimum wage covers a standard eight-hour work day across all sectors and industries (i.e., there are no carve-out or separate wages for garment sector workers as had previously been debated), and applies to all workers except for those in businesses with less than 15 employees. While the previous minimum wage has been widely implemented, compensation for overtime work is still unclear. Labor compensation in Myanmar is still lower than some of its Southeast Asian neighbors.

The Myanmar government, in an effort to align Myanmar's labor regulations with international standards and increase trade and investment in the country, set out to abolish all antiquated labor laws and to introduce new labor laws and regulations. The government passed a number of labor reforms and amended a range of labor-related laws, such as the 2016 Shops and Establishment Law and the Payment of Wages Law. The government introduced to Parliament new laws on occupational safety and health and alien workers, which are currently under review. In November 2016, the U.S. government reinstated Myanmar's Generalized System of Preferences (GSP) trade benefit in recognition of the progress that the government had made in protecting workers' rights. The U.S. government reauthorized the GSP program globally in March 2018 through December 31, 2020.

In September 2016 the government institutionalized the National Tripartite Dialogue Forum (NTDF), as a venue to engage with employers and workers, especially in drafting legislation. The NTDF is currently reviewing drafts of the Settlement of Labor Disputes Law, Labor Organization Law, and revisions to employment contracts as part of the Employment and Skill Development Law.

On November 13, 2014, the governments of the United States, Myanmar, Japan, Denmark, and the ILO formally launched the Initiative to Promote Fundamental Labor Rights and Practices in Myanmar (Initiative) and held the third Stakeholder’s Forum in January 2018. The overarching goal of the Initiative is to promote a culture of compliance with fundamental labor rights. The Initiative is intended to cultivate relationships between business, labor, and civil society stakeholders and the government of Myanmar.

### **OPIC and Other Investment Insurance Programs**

In May 2013, the Overseas Private Investment Corporation (OPIC) signed an Investment Incentive Agreement with Myanmar. In 2014, OPIC announced that its financing and insurance programs are available for Myanmar and in October 2016 announced intent to double investment financing from \$250 million to \$500 million over the next five years. OPIC provides political risk insurance, debt financing, and private equity capital to support U.S. investors and their investments. OPIC can provide political risk insurance for currency inconvertibility, expropriation, and political violence for U.S. investments including equity, loans and loan guarantees, technical assistance, leases, and consigned inventory or equipment. OPIC debt financing in the form of direct loans and loan guarantees of up to \$250 million per project are also available for business investments in Myanmar, covering sectors as diverse as tourism, transportation, manufacturing, franchising, power, infrastructure, and others.

In 2014, the Export-Import Bank of the United States (EXIM Bank) announced that it would open for sovereign-backed business in Myanmar to help finance short-term and medium-term U.S. export sales. In July 2017 EXIM Bank also authorized long-term transactions in the public sector.

In December 2013, Myanmar became a member of the World Bank’s Multilateral Investment Guarantee Agency (MIGA), which means that direct foreign investment into the country is eligible for the agency’s investment guarantees.

### **Foreign Direct Investment and Foreign Portfolio Investment Statistics**

Table 2:Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*	USG or international statistical source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year Amount

Host Country Gross Domestic Product (GDP) (\$M USD)	2017	\$ 68.66 billion	2017	\$ 66.966 billion (estimated)	<a href="http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?sy=2015&amp;ey=2022&amp;scsm=1&amp;ssd=1&amp;sort=country&amp;ds=.&amp;br=1&amp;pr1.x=66&amp;pr1.y=14&amp;c=518&amp;s=NGDPD&amp;grp=0&amp;a=">http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?sy=2015&amp;ey=2022&amp;scsm=1&amp;ssd=1&amp;sort=country&amp;ds=.&amp;br=1&amp;pr1.x=66&amp;pr1.y=14&amp;c=518&amp;s=NGDPD&amp;grp=0&amp;a=</a>
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Foreign Direct Investment      Host Country Statistical source\*      USG or international statistical source      USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other

U.S. FDI in partner country (\$M USD, stock positions)	2017	N/A	2017	N/A**
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Host country's FDI in the United States (\$M USD, stock positions)	2017	N/A	2017	N/A**
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Total inbound stock of FDI as % host GDP	2017	N/A	2017	N/A
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\* <https://www.mopf.gov.mm/>

\*\* Accurate statistical data are limited in Myanmar, although this capacity is also being developed

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	6678	100%	Total Outward	0	100%
Singapore	3789	57%			
Vietnam	1386	21%			

China	483	7%
Hong Kong	423	6%
Thailand	258	4%
"0" reflects amounts rounded to +/- USD 500,000.		

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Table 4: Sources of Portfolio Investment

Accurate statistical data are limited in Myanmar, although this capacity is also being developed.

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**Contact for More Information on the Investment Climate Statement**

Amy E. Roth, Economic Officer

U.S. Embassy/110 University Avenue/Kamayut Township 11041/Rangoon, Myanmar

Telephone: 95 (0)1 536 509

Email Address: MyanmarBusiness@state.gov

## **Trade & Project Financing**

### **Methods of Payment**

Exporters and importers in Myanmar transfer money into and out of the country by Letter of Credit (L/C) or Telegraphic Transfer (TT) using foreign currency accounts in any local bank with a license for international banking services. Since 2012, state-owned and private banks in Myanmar started offering L/Cs to facilitate international trading activities. State-owned banks typically require the importer to make a full payment deposit before issuing an L/C whereas private banks require a smaller percentage deposit. Private bank L/Cs are generally preferred by Myanmar importers as they are processed faster and require less detailed information regarding the nature of the transaction than state-owned banks. Currently, the majority of banks in Myanmar are allowed to issue L/Cs and operate foreign currency accounts. The Telegraphic Transfer (TT) is the most common method of payment for exporters. Through TT, they manage the payment through overseas bank (in Singapore, for example) which connect with banks in Myanmar to transfer money back.

There are currently no American banks operating in Myanmar. Foreign banks are primarily from countries such as Japan, China, Thailand and other ASEAN regions. In May 2019, the Central Bank of Myanmar announced that the current 13 non-native banks operating in the country will be granted licenses to open new subsidiary bank outlets to provide retail-banking services to local businesses. The Central Bank also removed banking restrictions for the non-native banks which prohibited from lending to local businesses. The purpose is to allow local businesses to obtain stronger and reliable access to finance for their business development. The Deputy Governor of the Central Bank also announced that foreign subsidiaries will get more opportunities than bank branches and will also have full permission to function as local banks.

Western Union, a U.S. company and leader in the global money transfer market, entered Myanmar in 2013 by partnering with a large number of local banks and has the biggest market share. There are other international money transfer services providers, such as Xpress Money, MoneyGram, Maybank, International Money Express (IME) and Singapore Post.

### **Banking Systems**

Most financial transactions with the United States are conducted via intermediary banks in Singapore and Thailand.

There are four large state-owned banks that used to conduct all foreign currency transactions prior to recent reforms. Myanmar Foreign Trade Bank (MFTB) handles the majority of foreign currency exchanges related to trade and non-trade transactions. Myanmar Economic Bank (MEB) functions as a commercial bank accepting savings and deposit account as well as issuing loans. Myanmar Investment and Commercial Bank (MICB) services local and foreign investors. Myanmar Agriculture and Development Bank (MADB) promotes economic enterprises in the agricultural sector. As of February 2014, 15 out of 24 domestic private banks have permits to operate foreign currency accounts. In October 2014, the government of Myanmar (GOM) permitted limited banking licenses to nine foreign banks from the Asia-Pacific region, allowing each institution to set up one branch in the country and provide loans to foreign companies.

The GOM has made banking reform a top priority, but many substantive issues have yet to be addressed and the banking system remains critically underdeveloped. Around 90 percent of the population does not have access to banks. Banks operate mostly on a cash basis. ATMs are increasing in number, but occasionally lack sufficient funds. A number of domestic banks now offer ATM services to MasterCard and Visa holders and have begun rolling out point of sale (debit/credit card) services. Although growing in scope, these services are largely limited to the main urban centers of Yangon and Mandalay and other major tourist zones. Banks began issuing MasterCard and Visa brand cards to domestic customers in late 2013. In 2017, two local banks began issuing international credit cards to domestic customers. Interbank loans are virtually nonexistent. Individual and business loans have terms of one year or less.

## FinTech Evolution in Myanmar

In March 2016, the Central Bank issued a regulation on “Mobile Financial Services” (MFS) to create a safe mobile financial services regulatory environment in Myanmar. Mobile network operators and non-bank financial institutions can now apply for an MFS license to provide electronic money transfer and other tech-based financial services within the country. Wave Money, a joint venture company between Norway’s Telenor, Yoma Bank and First Myanmar Investments, was the first mobile financial services operator to be granted a MFS license. Platforms, such as Wave Money, allow workers to transfer money to their families in rural areas via its money transfer application. Then funds can be collected before or after normal banking hours at mom-and-pop shops across the country, forming a virtual “human” network of “ATMs.”

ASEAN countries such as Singapore and Thailand have already made inroads in Myanmar’s Financial Technology (FinTech) sector and have formed partnerships with local FinTech companies to provide tech-based financial services. A well-known Singaporean payment services provider and MPU developed the first E-commerce payment platform to directly settle payment for online purchases. A Thai e-wallet startup has signed a joint venture with a Myanmar retail chain to launch an e-wallet service that will enable online shopping and self-check-outs. For more information, please see the Financial Services / Financial Technology Overview.

## Foreign Exchange Controls

Myanmar’s foreign exchange regulatory framework has evolved substantially since 2011. In order to ease its stringent foreign exchange controls, the Government of Myanmar enacted a new Foreign Exchange Management Law (FEML) in 2012. The FEML liberalizes transfer payments related to current account transactions, though transfers related to capital accounts remain conditional. The application of the new law in practice continues to evolve. However, companies registered under the new investment law are guaranteed the ability to repatriate investment and profits in the foreign currency in which such investments were made, subject to the approval of Myanmar Investment Commission (MIC).

The Central Bank of Myanmar established a managed float of Myanmar kyat in April 2012 with an initial auction at 818 kyat per one U.S. dollar. As of June 2019, the kyat was trading at about kyat 1520 per one U.S. dollar. For more information, please see the Investment Climate Report.

## U.S. Banks & Local Correspondent Banks

Myanmar banks have correspondent banking accounts with banks in Singapore, Thailand, Malaysia, Australia, and other (mostly Asian) countries. Most U.S. financial transactions use correspondent banks but that may change with further liberalization of the banking sector.

## Project Financing

The World Bank and Asian Development Bank (ADB) reopened offices in Myanmar in 2012 to encourage ongoing political and economic reforms. In April 2014, ADB established its Myanmar Resident Mission, with offices in Naypyitaw and Yangon. ADB expects to approve up to \$1 billion in non-sovereign investment projects in areas including logistics, connectivity, power generation, telecommunications, urban development, financial sector and trade finance. In January 2013, the World Bank and ADB approved grants and loans of \$512 million and \$440 million, respectively. From 2013 to 2014, the World Bank also approved projects worth \$110 million towards the telecommunications sector and modernization of the public financial management system. In 2016, Myanmar had access to approximately \$480 million in International Development Association Assistance (IDA). The World Bank’s existing loan program extends across the power, health, education, agriculture, energy and communication sectors.

The U.S. Trade and Development Agency (USTDA) links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

In May 2013, OPIC signed an Investment Incentive Agreement with Myanmar to support private U.S. businesses seeking to invest in Myanmar. OPIC has funded debt in the telecom and infrastructure sectors. In October 2018, President Trump signed the Better Utilization of Investments Leading to Development (Build) Act law and created a new U.S. development finance institution called the United States International Development Finance Corporation (USDFC). The USDFC will support and complement other on-going U.S. government aid programs. (EXIM bank will continue to be USG's export credit agency).

The newly created USDFC will subsume OPIC and few key USAID entities that will help the Trump Administration to create and provide financially-sound alternatives to government-led projects from countries, such as China. In addition, the USDFC will provide the United States with a wide range of advanced financial tools that allow the United States to become better allies with partners for greater development impacts.

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Asian Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses access bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the Asian Development Bank \(http://www.export.gov/adb/\)](http://www.export.gov/adb/) and the [World Bank \(http://export.gov/worldbank\)](http://export.gov/worldbank).

### **Contact Information**

[Commercial Liaison Office to Asian Development Bank \(http://www.export.gov/adb/\)](http://www.export.gov/adb/)  
[Commercial Liaison Office to the World Bank \(http://export.gov/worldbank\)](http://export.gov/worldbank)

### **Financing Web Resources**

[Export-Import Bank of the United States - Country Limitation Schedule](#)  
[Export-Import Bank of the United States \(Ex-Im\) SBA's Office of International Trade Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team U.S. Agency for International Development \(USAID\)](#)  
[U.S. Department of the Treasury - Myanmar Sanctions Regulations](#)  
[U.S. Trade and Development Agency \(USTDA\) USDA Commodity Credit Corporation](#)



## **Business Travel**

### **Business Customs**

There are few specific etiquette rules for business contacts, however, it is appropriate to wear business attire for official meetings and contract signing ceremonies. Myanmar also expect to exchange business cards at first meetings.

### **Travel Advisory**

For the latest security information, Americans traveling abroad should monitor the Department of State, Bureau of Consular Affairs' website (<http://travel.state.gov>) where current Travel Warnings and Travel Alerts, including the Worldwide Caution Travel Alert, can be found. Up-to-date information on safety and security can also be obtained by calling 1-888-407-4747 toll free in the United States and Canada, or for callers outside the United States and Canada, 1-202-501-4444 a regular toll-line. These lines are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except for U.S. federal holidays). The Department of State urges American citizens to take responsibility for their own personal security while traveling overseas. For general information about appropriate measures travelers can take to protect themselves in an overseas environment, see the Department of State's pamphlet A Safe Trip Abroad. Further details can be found at the [U.S. State Department's Myanmar webpage \(https://travel.state.gov/content/travel/en/international-travel.html\)](https://travel.state.gov/content/travel/en/international-travel.html).

### **Visa Requirements**

The Government of Myanmar has recently eased the controls on travel to and within Myanmar. A passport and visa are required for all travelers entering the country. The application process for business visas varies and can be lengthy. Please refer to the [Ministry of Foreign Affairs' website \(http://www.mofa.gov.mm/\)](http://www.mofa.gov.mm/).

Online visa applications can be submitted via [the Ministry of Labor, Immigration and Population's eVisa webpage \(https://evisa.moip.gov.mm/\)](https://evisa.moip.gov.mm/).

#### Contact Information

[Embassy of the Union of Myanmar \(http://www.mewashingtondc.org/content/contact-us\)](http://www.mewashingtondc.org/content/contact-us)

2300 S Street NW  
Washington, DC 20008  
Phone: 202-332-3344 | 202-332-4350  
Permanent Mission of Myanmar to the UN  
10 East 77th Street  
New York, NY 10075  
Phone: 212-744-1271

### **Currency**

The kyat (MMK) is the local currency. Currency exchange counters and ATMs are available at Yangon International Airport and around the city. As of June 2019, the kyat was trading at about MMK 1520 per one U.S. dollars. It is advisable to bring only new U.S. dollar notes with no marks or creases, otherwise, the bills may be refused or the exchange rate will be lower than the market rate.

## **Phone Service/ Internet**

CDMA and GSM cell phone service is available in Yangon, Mandalay, Bagan and surrounding areas. Mobile phones and SIM cards have become much more affordable in Myanmar and are readily available. Business hotels provide access to the internet with reasonable download speeds.

## **Transportation**

Myanmar is easily accessible by air primarily via regional hubs like Tokyo, Seoul and Bangkok. Given road conditions, domestic air travel is preferred over driving long distances in Myanmar. Domestic flights connect all major cities.

Travel by road in Myanmar can be dangerous as roads outside urban areas are often narrow and in poor condition, particularly during the May-October rainy season. Travel after dark is not recommended. Government permission is required for foreigners to travel by road in border areas. Rail travel, though available, is not recommended due to slow service.

## **Language**

Myanmar (Burmese) is the official language throughout Myanmar, though languages of various ethnic groups are widely spoken in their home regions. Businesspeople in Yangon and Mandalay speak some degree of English, but English is not widely spoken outside main urban areas. Chinese is spoken in Mandalay, Yangon, and in major trade hubs near the China-Myanmar border. Thai is spoken in major trade hubs on the Thai-Myanmar border.

## **Health**

Water is not potable, and only bottled water should be consumed. Visitors should avoid unpasteurized dairy products and uncooked or undercooked meat and vegetables.

Visitors should consult their physician or local health authorities for a list of recommended immunizations prior to arrival. Dengue fever is the prominent, year-round health concern. Avoidance of mosquito bites through the use of mosquito repellent and protective clothing is the only way to prevent this illness. Although malaria is not a problem in urban Yangon, malaria prophylaxis should be taken if traveling to other parts of the country.

Medical facilities in Myanmar are often inadequate and a sufficient supply of personal prescription and over-the-counter medications should be hand-carried. Doctors and hospitals often expect immediate cash payment for health services and U.S. medical insurance is not always valid outside the United States.

Information on vaccinations and other health precautions may be obtained from the [Centers for Disease Control and Prevention's](http://www.cdc.gov/) (<http://www.cdc.gov/>) hotline for international travelers at 1-877- FYI-TRIP (1-877-394-8747) or via fax at 1-888-CDC-FAXX (1-888-232-3299).

## **Local Time, Business Hours and Holidays**

Myanmar is 6.5 hours ahead of Greenwich Mean Time. Myanmar does not observe Daylight Savings Time.

Business hours are not uniform. Most private and government offices close on Saturday and Sunday, though shops are usually open six or seven days a week.

Myanmar 2019 Holidays		
Date	Day of the Week	Holiday
<a href="#">January 01</a>	<a href="#">Tuesday</a>	<a href="#">International New Year</a>
<a href="#">January 4</a>	<a href="#">Friday</a>	<a href="#">Independence Day</a>
<a href="#">January 6</a>	<a href="#">Sunday</a>	<a href="#">Kayin New Year</a>
<a href="#">February 12</a>	<a href="#">Tuesday</a>	<a href="#">Union Day</a>
<a href="#">March 2</a>	<a href="#">Saturday</a>	<a href="#">Peasants' Day</a>
<a href="#">March 20</a>	<a href="#">Wednesday</a>	<a href="#">Full Moon Day of Tabauang</a>
<a href="#">March 27</a>	<a href="#">Wednesday</a>	<a href="#">Armed Forces Day</a>
<a href="#">April 13</a>	<a href="#">Saturday</a>	<a href="#">Thingyan (water festival)</a>
<a href="#">April 14</a>	<a href="#">Sunday</a>	<a href="#">Thingyan</a>
<a href="#">April 15</a>	<a href="#">Monday</a>	<a href="#">Thingyan</a>
<a href="#">April 16</a>	<a href="#">Tuesday</a>	<a href="#">Thingyan</a>
<a href="#">April 17</a>	<a href="#">Wednesday</a>	<a href="#">Myanmar New Year's Day</a>
<a href="#">May 1</a>	<a href="#">Wednesday</a>	<a href="#">Labor Day</a>
<a href="#">May 18</a>	<a href="#">Saturday</a>	<a href="#">Full Moon Day of Kasong</a>
<a href="#">July 16</a>	<a href="#">Tuesday</a>	<a href="#">Full Moon Day of Waso</a>
<a href="#">July 19</a>	<a href="#">Friday</a>	<a href="#">Martyr's Day</a>
<a href="#">October 12</a>	<a href="#">Saturday</a>	<a href="#">Pre-Full Moon Day of Thadingyut</a>
<a href="#">October 13</a>	<a href="#">Sunday</a>	<a href="#">Full Moon Day of Thadingyut</a>
<a href="#">October 14</a>	<a href="#">Monday</a>	<a href="#">Post- Full Moon Day of Thadingyut</a>
<a href="#">November 10</a>	<a href="#">Sunday</a>	<a href="#">Pre-Full Moon Day of Tazaungmone</a>
<a href="#">November 11</a>	<a href="#">Monday</a>	<a href="#">Full Moon Day of Tazaungmone</a>
<a href="#">December 21</a>	<a href="#">Thursday</a>	<a href="#">National Day</a>
<a href="#">December 25</a>	<a href="#">Wednesday</a>	<a href="#">Christmas Day</a>

<a href="#">December 26</a>	<a href="#">Thursday</a>	<a href="#">Kayin New Year Day</a>
<a href="#">December 31</a>	<a href="#">Tuesday</a>	<a href="#">New Year's Day</a>

**Temporary Entry of Materials and Personal Belongings**

Myanmar law does not limit the amount of foreign currency that can be brought into Myanmar, but any amount over \$10,000 must be declared on customs and currency declaration forms. Departing tourists who declare over \$10,000 on arrival must have receipts for all items purchased in Myanmar, and the amounts of their purchases must match with the amount of foreign currency exchanged for kyat. Travelers may not bring kyat in large amounts into Myanmar or take them out of the country.

Credit cards cannot be easily used in Myanmar outside urban areas as few businesses are able to process credit card transactions. Domestic banks have started operating ATMs that are compatible with international cards.

**Travel Related Web Resources**

- [Ministry of Hotels & Tourism](#)
- [U.S. Department of State – Myanmar Country Information](#)
- [U.S. Embassy in Myanmar – U.S. Citizen Services](#)