

Investment Environment of Myanmar: An Emerging Frontier

Myanmar Roundtable 2012

Understanding the Changes, Realising the Opportunities

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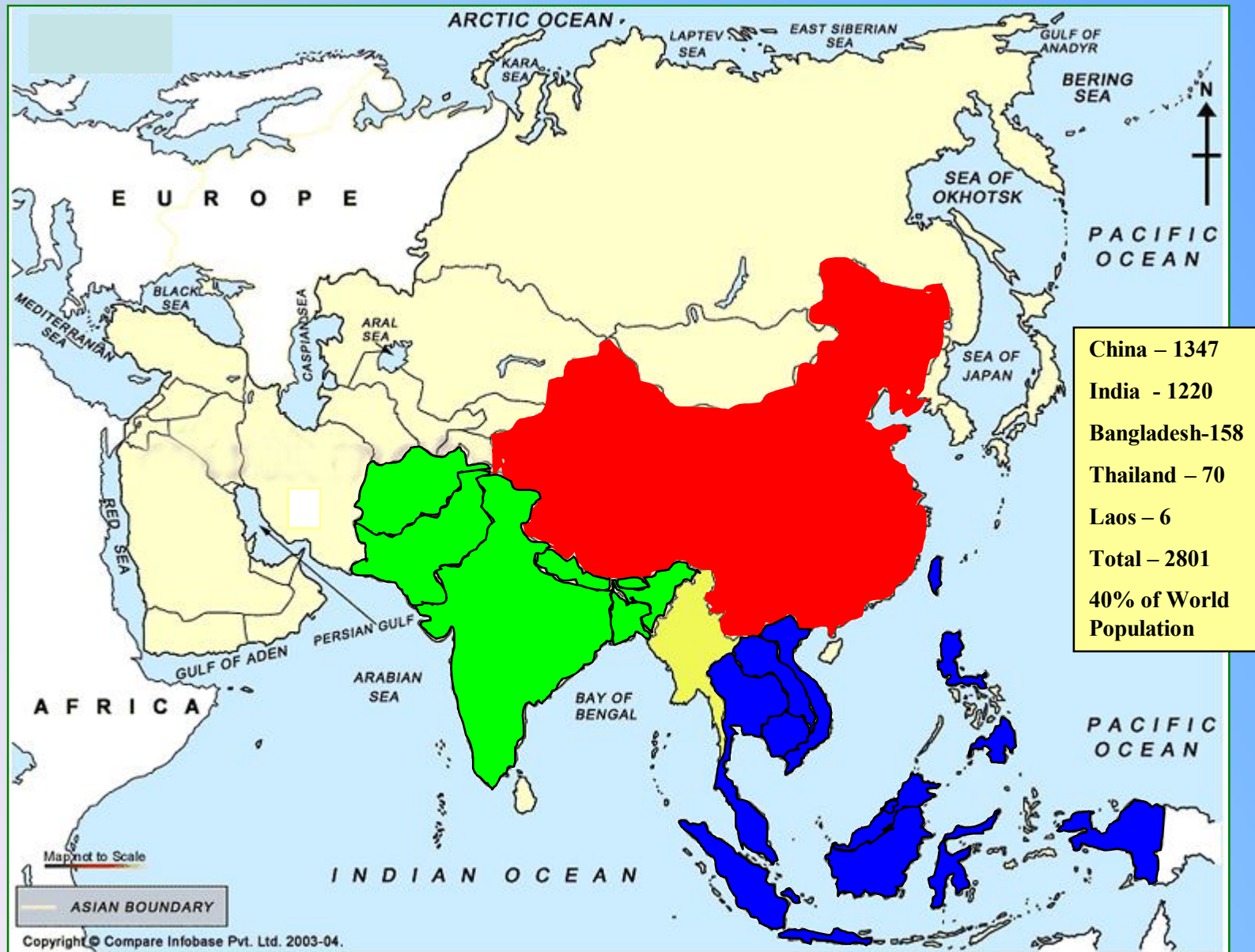
Director General

Directorate of Investment and Company Administration

Outline

- ❑ Myanmar in brief
- ❑ FDI in Myanmar
- ❑ Investment Laws of Myanmar
- ❑ SEZs in Myanmar
- ❑ Myanmar in Progress
- ❑ Conclusion

Where Myanmar is!



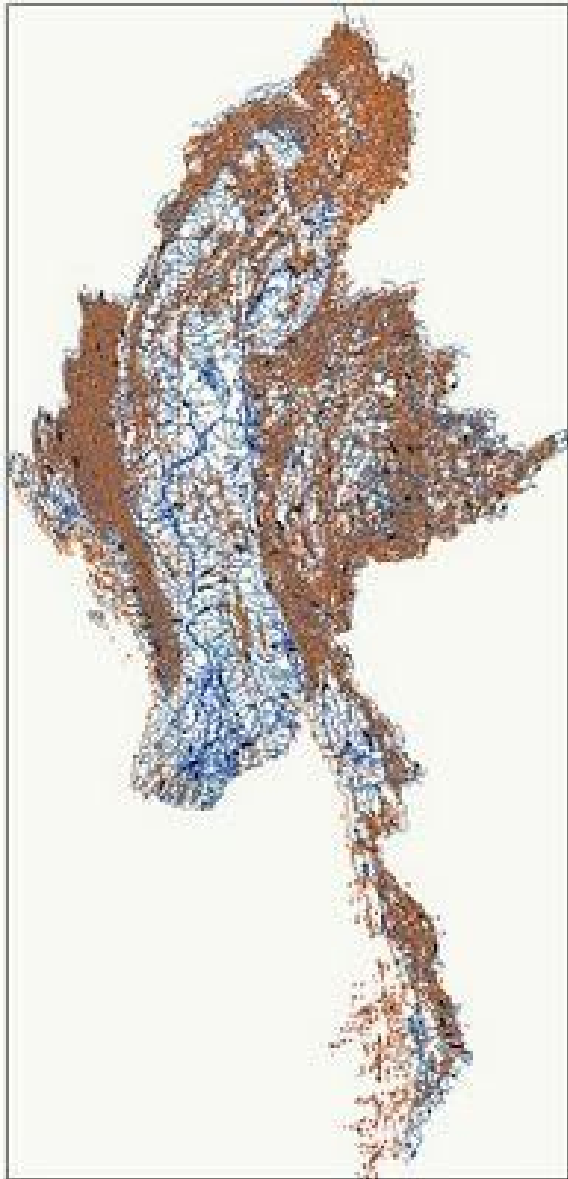
What Myanmar is!



Age Group	Male	Female	Total	Percentage
15-19	2.90	2.79	5.70	9.5
20-24	2.77	2.69	5.46	9.1
25-29	2.57	2.54	5.12	8.5
30-34	2.34	2.38	4.73	7.8
35-39	2.10	2.18	4.29	7.2
40-44	1.84	1.96	3.80	6.3
45-49	1.58	1.71	3.30	5.5
50-54	1.31	1.44	2.75	4.6
55-59	1.06	1.19	2.26	3.8
Total	18.47	18.88	37.35	62.25



What Myanmar is!



Topography can roughly be divided into 3 parts: the Western Hills Region, the Central Valley Region and the Eastern Hills Region



Foreign Direct Investment in Myanmar

Myanmar has opened its doors for FDI in 1988 subsequently the enactment of Foreign Investment Law on 30 November, 1988



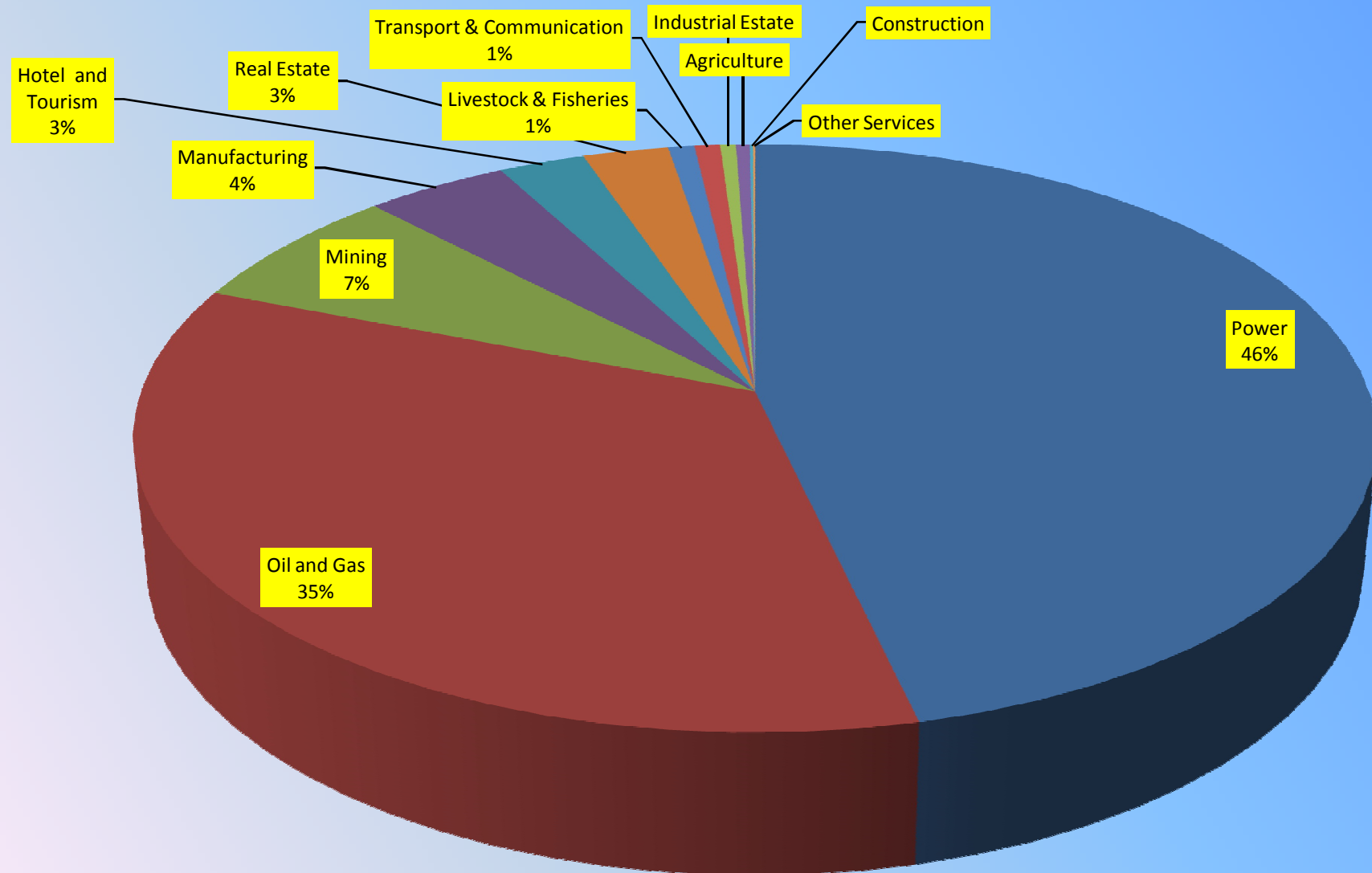
Investments in Myanmar

Foreign Investment of Permitted Enterprises as of (31/4/2012) (By Sector)

(US\$ in Million)

Sr. No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	Power	5	18873.720	46.37
2	Oil and Gas	109	14063.072	34.55
3	Mining	66	2814.360	6.92
4	Manufacturing	164	1760.701	4.33
5	Hotel and Tourism	45	1064.811	2.62
6	Real Estate	19	1056.453	2.60
7	Livestock & Fisheries	25	324.358	0.80
8	Transport & Communication	16	313.906	0.77
9	Industrial Estate	3	193.113	0.47
10	Agriculture	7	173.101	0.43
11	Construction	2	37.767	0.09
12	Other Services	6	23.686	0.06
	Total	467	40699.048	100.00

Investments in Myanmar



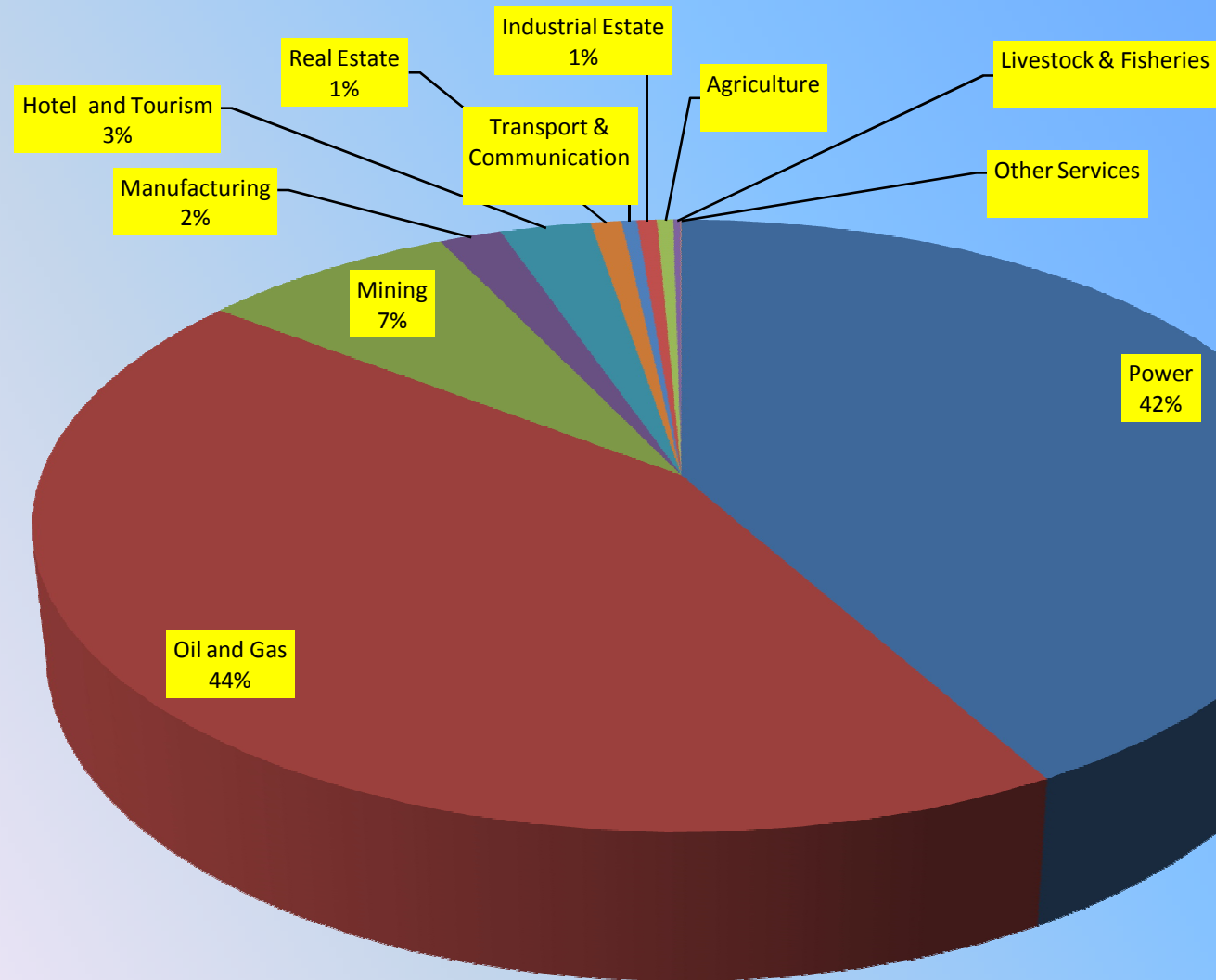
Investments in Myanmar

Foreign Investment of Existing Enterprises as of (31/4/2012) (By Sector)

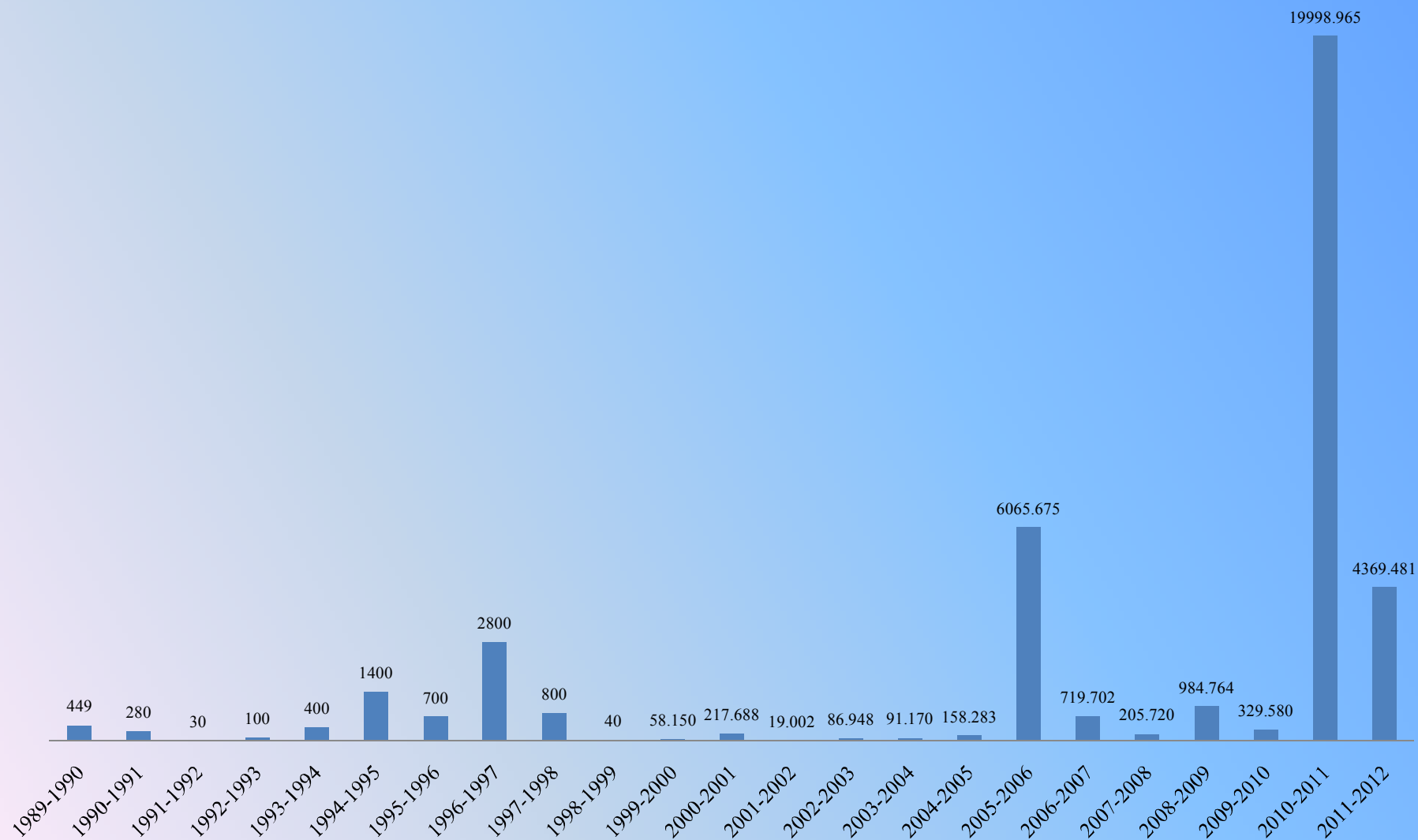
(US\$ in Million)

Sr. No.	Particulars	Existing Enterprises		
		No.	Approved Amount	%
1	Power	4	12843.720	41.88
2	Oil and Gas	58	13355.828	43.55
3	Mining	8	2289.162	7.46
4	Manufacturing	75	558.290	1.82
5	Hotel and Tourism	30	814.475	2.66
6	Real Estate	7	275.000	0.90
7	Transport & Communication	7	137.676	0.45
8	Industrial Estate	2	179.113	0.58
9	Agriculture	4	144.420	0.47
10	Livestock & Fisheries	7	64.946	0.21
11	Construction			
12	Other Services	4	7.061	0.02
	Total	206	30669.691	100.00

Investments in Myanmar



Yearly Approved Amount of Foreign Investment



Investments in Myanmar (Cont.)

Foreign Investment of Permitted Enterprises as of (31/4/2012) - (By Country)

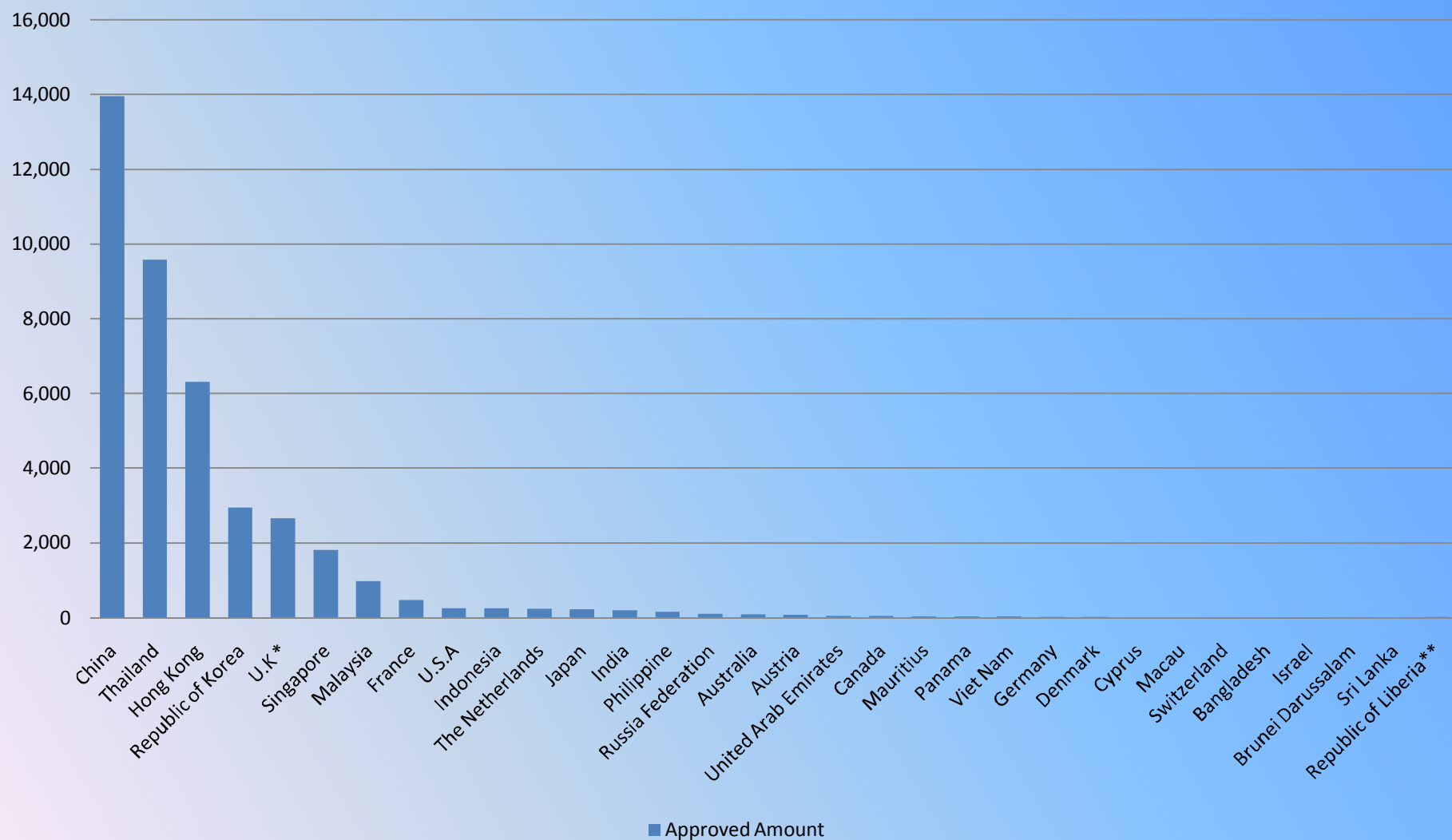
(US\$ in Million)

Sr. No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	China	33	13947.146	34.50
2	Thailand	61	9568.093	23.66
3	Hong Kong	38	6308.495	15.60
4	Republic of Korea	49	2941.289	7.27
5	U.K *	51	2660.588	6.58
6	Singapore	72	1804.013	4.46
7	Malaysia	39	977.461	2.42
8	France	2	469.000	1.16
9	U.S.A	15	243.565	0.60
10	Indonesia	12	241.497	0.60
11	The Netherlands	5	238.835	0.59
12	Japan	24	216.220	0.53
13	India	5	189.000	0.47
14	Philippine	2	146.667	0.36
15	Russia Federation	2	94.000	0.23
16	Australia	14	82.080	0.20
17	Austria	2	72.500	0.18
18	United Arab Emirates	1	41.000	0.10
19	Canada	14	39.781	0.10
20	Mauritius	2	30.575	0.08
21	Panama	1	29.101	0.07
22	Viet Nam	2	23.649	0.06
23	Germany	2	17.500	0.04
24	Denmark	1	13.370	0.03
25	Cyprus	1	5.250	0.01
26	Macau	2	4.400	0.01
27	Switzerland	1	3.382	0.01
28	Bangladesh	2	2.957	0.01
29	Israel	1	2.400	0.01
30	Brunei Darussalam	1	2.040	0.01
31	Sri Lanka	1	1.000	0.00
32	Republic of Liberia**	2	14.600	0.04
	Total	460	40431.454	100.00

*Inclusive of enterprises incorporated in British Virgin Islands, Bermuda Islands and Cayman Islands.

**The name and promoter and principal organization be changed from Singapore to Republic of Liberia.

Investments in Myanmar (Cont.)



Investments in Myanmar (Cont.)

USD - Million

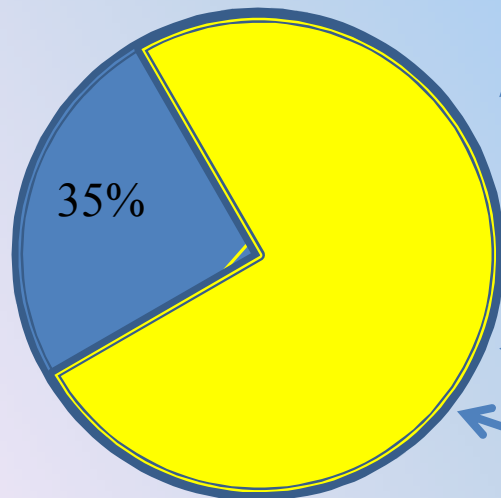
No.	Country	1989-2001	Country	1989-2012
1	UK	1380	China	13947
2	Singapore	1351	Thailand	9568
3	Thailand	1187	Hong Kong	6308
4	Malaysia	599	Korea	2938
5	USA	583	UK	2659
6	France	470	Singapore	1818
7	Indonesia	239	Malaysia	977
8	Netherland	238	France	469
9	Japan	229	USA	243
10	Korea	156	Indonesia	241
11	Phillippines	147	Netherland	238
12	Hong Kong	144	Japan	211
13	China	67	India	189
14	Canada	64	Phillippines	146
15	Others	243	Others	472
	Total	7097	Total	40424

Investment Laws of Myanmar

- ❑ **The Union of Myanmar Foreign Investment Law (FIL)** was enacted on 30 November 1988.
- ❑ **The Union of Myanmar Special Economic Zone Law** was enacted in January 2011
- ❑ **The Dawei Special Economic Zone Law** was also enacted in January 2011 subsequently.



Investment Laws of Myanmar



Any Myanmar Partner

An Individual

A Private Company

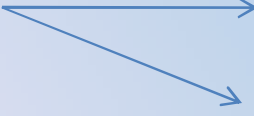
A Cooperative Society

State Owned Enterprise

Investment Laws of Myanmar

Minimum Foreign Capital

- | | | |
|-----------------|---|-------------|
| - Manufacturing | - | US\$ 500000 |
| - Services | - | US\$ 300000 |

Both  **in Kind**
in Cash

Incentives

- **Tax incentives**
- **Non-tax incentives**

Tax Incentives

- **5 years tax holiday**
- **Further tax exemption/relief for an appropriate period in case if it is considered beneficial for the State**

Tax Incentives under the Foreign Investment Law

❑ The Commission may also grant ; -

- exemption or relief from income tax on profit which is reinvested within one year.
- Relief from income tax up to 50 percent on the profit from exports.
- Right to pay income tax on behalf of the foreign employees and to deduct the same from the assessable income of the enterprise.
- Right to pay income tax of the foreign employees at the rate applicable to the citizens of Myanmar.
- Right to deduct the research and development expenditure.
- Right to accelerate depreciation
- Right to carry forward and set off losses up to 3 consecutive years, from the year the loss is sustained.

Exemption/Relief of Customs Duties

- Imported machinery & equipment
- Imported raw material
- construction period
- first 3 years of commercial production

Non-tax Incentives under the Foreign Investment Law

Right to Transfer Foreign Currency

The investor may transfer the following currencies abroad through the bank prescribed by the Commission in the relevant foreign currency :

- (a) foreign currency entitled to by the person who has brought in foreign capital;
- (b) foreign currency permitted for withdrawal by the Commission to the person who has brought in foreign capital;
- (c) net profit after deducting relevant funds relating to various taxes from the annual profits received by the person who has brought in foreign capital;
- (d) legitimate balance after causing to pay the taxes due and after deducting living expenses for himself and his family in the manner prescribed, out of the salary and lawful income obtained by the foreign service personnel by performing service in the State;
- (e) money entitled to the investor after liquidating the invested business;
- (f) damages obtained lawfully by the investor.

Non-tax Incentives under the Foreign Investment Law

Employment of Expatriates

Allows investors to employed expatriate technicians, expert, staff & skill labour as follows : -

- | | |
|--------------------|-----|
| (a) First 5 years | 75% |
| (b) Second 5 years | 50% |
| (c) Third 5 years | 25% |

Non-tax Incentives under the Foreign Investment Law

Land Lease

Investors are allowed to lease the land either from the government or from the private

- for 50 years as initial
- to be extended 2 times, each time allow 10 years

Non-tax Incentives under the Foreign Investment Law

Guarantee

Enterprises operating under the Foreign Investment Law shall have the State guarantees

- against nationalization and expropriation
- to transfer the entitled Foreign Capital to investor on the expiry of the term of the contract
- against termination of investment during the permitted term

Foreign Investment Law of Myanmar

FIL is based on

- Efficiency
- Transparency
- Environment

The Myanmar Special Economic Zone Law

The objectives

- To base on the framework of the maintenance, protection and safeguarding the sovereignty of the State in allowing to operate foreign investment businesses;
- To develop the momentum of the economy of the State by establishing and operating the Special Economic Zones;
- To develop the industry and high technologies in the State;
- To improve the goods processing, trading and service business;
- To enable the citizens to train, learn and transfer the high technologies;
- To create more employment opportunities for the citizens;
- To develop the infrastructures of the State.

The Myanmar Special Economic Zone Law (Cont.)

❑ **Production based businesses**

- goods processing business
- hi-tech production business
- industries
- agriculture
- livestock breeding and fishery
- mineral produce business
- forestry produce business;

The Myanmar Special Economic Zone Law (Cont.)

☐ **Services business**

- trading
- logistics and transportation
- storage
- hotel and tourism
- education and health
- residential quarters
- infrastructure supply and support centers
- green areas which conserves and protects the natural environment
- recreation and resort centers

The Myanmar Special Economic Zone Law (Cont.)

☐ **Infrastructure construction businesses**

- road
- bridge
- airport
- port
- electricity
- communication and water supply
- environment conservation and protection
- wastes control

☐ **Other businesses**

- determined by the Central Body, with the approval of the Government.

The Myanmar Special Economic Zone Law (Cont.)

Central Body



Central Working Body



Management Committee

Incentives for Investor under the SEZ Law

- ❑ Tax holiday - 5 years
- ❑ Second 5 years - 50% relief on income tax – overseas sale products
- ❑ Third 5 years - 50% relief on income tax – reinvestment obtained from export sale
- ❑ More applicable

Incentives for Investor under the SEZ Law (Cont.)

Exemption from customs duty

- ☐ Imported raw material
 - ☐ Machineries
 - ☐ Equipment
- }
- Export Processing Zone
-
- ☐ Machineries
 - ☐ Vehicles
- }
- 5 years
-
- ☐ 50% exemption for the next 5 consecutive years

Special Economic Zones in Myanmar

- ❑ **Dawei Special Economic Zone** - being developed
- ❑ **Thilawa Special Economic Zone** - in the process
- ❑ **Kyaukphyu Special Economic Zone** - to be developed

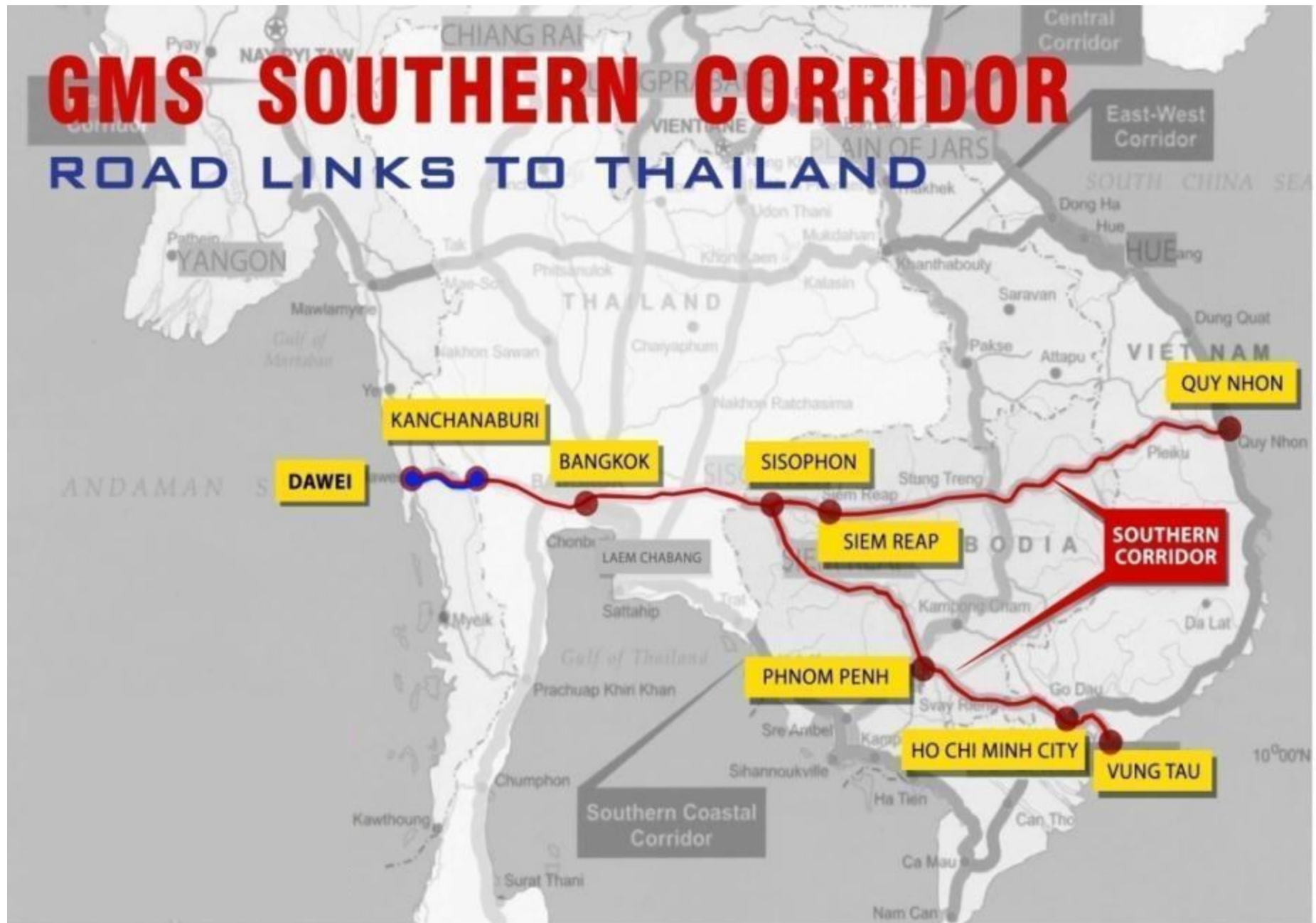
Dawei SEZ Project Location



Asia Regional Hub

GMS SOUTHERN CORRIDOR

ROAD LINKS TO THAILAND



Thilawa SEZ Project Location



Special Economic Zones in Myanmar



Investment Promotion & Protection Agreement

☐ Philippines

☐ Vietnam

☐ China

☐ Lao PDR

☐ India

☐ Thailand

☐ Kuwait.

Formation of MIC

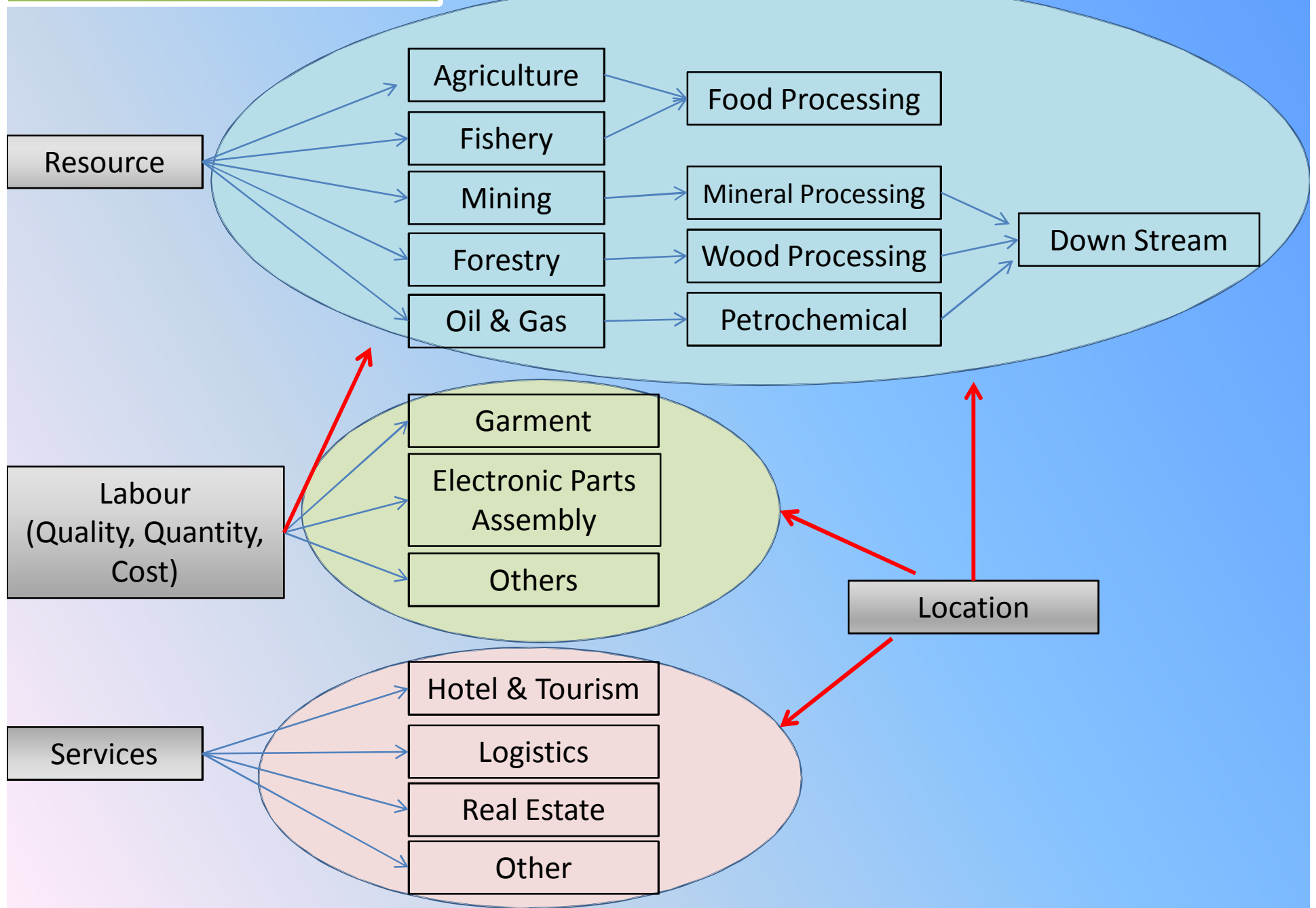
- According to the Notification No(82/2011), in order to monitor the provisions of the existing Investment Laws, the government of the Republic of the Union of Myanmar reorganizes the MIC as follows:

Union Minister Ministry of Industry	Chairman
Union Minister Ministry of Rail Transportation	Member
Union Minister Ministry of Finance and Revenue	Member
Union Minister Ministry of Electric Power No(1)	Member
Attorney General of the Union Union Attorney General's Office	Member
Union Minister Ministry of National Planning and Economic Development	Secretary
Deputy Minister Ministry of Rail Transportation	Joint Secretary

Setting up of Coordination Team (CT)

- For clear information and transparency purpose to the Myanmar Citizens and foreigners who inquire about the investment information in Myanmar, Coordination Team has been formed since July 2011.
- CT comprise senior officials from Myanmar Investment Commission, Ministry of Finance and Revenue, Ministry of Commerce and Ministry of Construction.
- CT Meeting is held on every Friday for answering the queries of investors, scrutinizing the investment proposals and assisting to solve the difficulties on investment issues, etc.

Promising FDI Sector



Why Myanmar !

Desire of the Government

We will open doors, make reforms and invite investments as necessary for development of the nation and the people.



President U Thein Sein

Why Myanmar !

Myanmar on a new path

- ❑ has become democratic nation
- ❑ no longer a pariah
- ❑ active integration into international and regional communities
- ❑ striving to meet MDG



Why Myanmar !

Myanmar on a right track

- ❑ Spearheaded by political and economic reforms
- ❑ National reconciliation paves the way to development



Myanmar is now on the runway to take off

Why Myanmar !



Opportunities are now in Myanmar

Contact Me

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A fisherman in a small boat on a body of water, holding a large, circular fishing net. The scene is captured in a monochromatic blue tone, with the sun setting behind mountains in the background, creating a silhouette effect. The fisherman is wearing a traditional conical hat and is positioned on the left side of the boat. The net is a large, circular frame with a fine mesh, and it is partially open. The water is calm, reflecting the sky and the boat. The mountains in the background are silhouetted against the bright sky. The overall mood is peaceful and serene.

THANK YOU