Investment Trend and Economic Situation in Myanmar

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Myanmar Economic Policies

- Expanding our financial resources
- Improving the operations of state-owned enterprises and privatizing those enterprises
- Fostering the human capital
- The rapid development of fundamental economic infrastructure
- Creating employment opportunities for all citizens
- Establishing an economic model
- Asserting the right individuals to freely pursue the economic opportunities
- Achieving financial stability
• Building environmentally sustainable cities, upgrading public services and utilities

• Establishing a fair and efficient tax

• Establishing technical systems and procedures

• Identifying the changing and developing business environment
Target Amounts of FDI in FDIPP

- In order to achieve a 6-9% annual GDP growth, an accumulative amount of USD140 billion is necessary during the period 2014 - 2030.

### Required Annual Investment to Achieve GDP Growth Target

<table>
<thead>
<tr>
<th>Year/Period</th>
<th>Total Investment</th>
<th>FDI</th>
<th>Domestic Investment</th>
<th>Government Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11,899</td>
<td>3,282</td>
<td>3,146</td>
<td>5,470</td>
</tr>
<tr>
<td>2015</td>
<td>14,308</td>
<td>4,661</td>
<td>3,763</td>
<td>5,884</td>
</tr>
<tr>
<td>2016-20 Average</td>
<td>20,558</td>
<td>6,306</td>
<td>5,093</td>
<td>7,416</td>
</tr>
<tr>
<td>2021-25 Average</td>
<td>32,025</td>
<td>8,120</td>
<td>10,672</td>
<td>10,516</td>
</tr>
<tr>
<td>2026-30 Average</td>
<td>49,886</td>
<td>11,405</td>
<td>19,095</td>
<td>14,888</td>
</tr>
<tr>
<td>Total</td>
<td>495,091</td>
<td>138,429</td>
<td>181,206</td>
<td>175,455</td>
</tr>
</tbody>
</table>

Unit: Million USD
Vision
Dynamic economic growth led by FDI worth USD140 billion* during the period of 2014 to 2030

Goals (with Target FDI amount)

<table>
<thead>
<tr>
<th>Period</th>
<th>Target FDI Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>USD 4 billion/year</td>
<td>Increase of FDI to achieve access to the Global Supply Chain for Myanmar's economy and to contribute to the development of the domestic market as well as to export</td>
</tr>
<tr>
<td>Mid-term</td>
<td>USD 6 billion/year</td>
<td>Achievement of comparative advantage in the AEC with internationally-recognized reputation and realization of domestic industrial diversification</td>
</tr>
<tr>
<td>Long-term</td>
<td>USD 8 billion/year (2021-2025) USD 11 billion/year (2026-2030)</td>
<td>Development of industrial agglomeration through continuous FDI-led industrial development with sophisticated infrastructure and multi-layered supporting industries that contributing as the core driver of Myanmar's sustainable economic growth</td>
</tr>
</tbody>
</table>

*accumulated amount
Trend of Investment
Industry Change

1998-2011: Resource Based
2015: Low Tech
2017-2018: Value Added

? Capital Intensive

DICA the efficient.
Policy Change

- **1988-2011**: Inward Looking
- **2011-2015**: Getting the Policy Right
- **2016-onwards**: Enabling Environment

Sustainable Development
Myanmar Investment Law
New Myanmar Investment Law

Investment Requiring MIC Permit

- Businesses that are strategic for the Union
- Large capital intensive investment projects
- Projects which have large potential impact on the environment and the local community
- Business carried out in State-owned land and building
- Businesses which are designated by the government to require the submission of a proposal to the Commission

Submitting Proposal (Section 36)
Endorsement Application Submission

Business except where it concerns investments stipulated under section 36

Endorsement application to the Commission

To enjoy the Rights to Use Land under Chapter (12) and Exemptions and Reliefs under sections 75, 77 and 78

Not required to submit a Proposal to the Commission
Prohibited Investment

Business:

- the hazardous or poisonous wastes;
- technologies, medicines and instruments which are still being tested abroad or which have not obtained relevant approvals for use, planting except for the purpose of R&D;
- may affect the traditional culture and customs of the racial groups;
- may affect the public health
- may cause damage to the natural environment and ecosystem;
- manufactured goods that are prohibited in accordance with existing laws.
Restricted Investment

✓ Investment activities allowed to carry out by State only;
✓ Investment activities restricted to foreign investors;
✓ Investment activities allowed only in form of joint venture with a citizen owned entity or a citizen of Myanmar; and
✓ Investment activities permitted with the recommendation of the relevant ministries
Treatment of Investors

- National Treatment for the Foreign investors and investments
- Most-Favoured Nation Treatment
- Fair and Equitable Treatment
Rights to Use Land

- From any government body or government organization
- From private landholders

The period of consecutive 10 years
- From any government body or government organization
- From private landholders

Initial 50 years

Further 10 years

- From any government body or government organization
- From private landholders
Employment of Staff and Workers

Any Citizen

- Senior Manager
- Expert
- Advisor
Investment Guarantee

Guarantees not to expropriate or nationalize or indirect expropriation to any investment

Conditions for expropriation

- For a public interest
- In a non-discriminatory manner
- In accordance with due process of law
- Upon payment of prompt, fair, adequate and effective compensation
Incentives under New Myanmar Investment Law
Incentives under New Myanmar Investment Law

- Incentive is not granted automatically
- Investors may apply one or more than one of the exemptions and reliefs

Exemption & Reliefs

- Income Tax Exemption & Relief
- Exemption from Customs Duty & Other Internal Taxes
- Other Exemption & Relief
Incentives under New Myanmar Investment Law

Zone(1)
Least-Developed Regions and States

Zone(2)
Moderately Developed Regions and States

Zone(3)
Adequately Regions and States

Income Tax

Seven Years

Income Tax

Five Years

Income Tax

Three Years
Promoted Sectors

Agriculture and its related services (except cultivation and production of tobacco and virginia)

Plantation and conservation of forest, and other businesses with forest

Livestock production, breeding and production of fishery products, and its related services
Promoted Sectors

Manufacturing (Except manufacturing of cigarette, liqueur, beer, and other harmful products to health)

Establishment of Industrial Zones

Establishment of New Urban Areas
Promoted Sectors

- City Development Activities
- Construction of Road, Bridge and Railway Line
- Construction of Seaport, River Port and Dry Port
Promoted Sectors

Management, Operation and Maintenance of Airport

Maintenance of Aircrafts

Supply and Transport Services
Promoted Sectors

- Power Generation, Transmission and Distribution
- Production of Renewable Energy
- Telecommunication Businesses
Promoted Sectors

- Education Services
- Health Services
- Information Technology Services
Promoted Sectors

Hotel and Tourism

Science Research Development Business
FDI Situation in Myanmar

- **Oil and Gas**: 31%
- **Power**: 28%
- **Manufacturing**: 12%
- **Transport & Communication**: 11%
- **Real Estate**: 7%
- **Livestock & Fisheries**: 1%
- **Mining**: 4%
- **Agriculture**: 0%
- **Industrial Estate**: 0%
- **Construction**: 0%
- **Other Services**: 2%
- **Hotel and Tourism**: 4%
- **Agriculture**: 0%
- **Industrial Estate**: 0%
- **Construction**: 0%
- **Other Services**: 2%
FDI Situation in Myanmar

Foreign Investment of Permitted Enterprises as of (31/7/2017) (Sectors)

Sectors (2011-2012 to 2017-2018, as the end of June)
Investment Situation in Myanmar

US$ in Million

2011-2012: 4343.978
2012-2013: 300.482
2013-2014: 1419.467
2014-2015: 8010.533
2015-2016: 9481.275
2016-2017: 6649.812
2017-2018 (the end of July): 2989.813

- Chebawenge Power
- Other Services (Oil and Gas, Mining, Industrial Estate, Hotel and Tourism, Real Estate, Livestock & Fisheries, Agricultural, Other)
Major Foreign Investors in Myanmar

Foreign Investment of Permitted Enterprises as of (30/6/2017) (Countries)

US$ in Millions

China | Singapore | Thailand | Hong Kong | U.K.* | Republic of Korea | Viet Nam | Malaysia | India | Japan | France | Indonesia | U.S.A | Canada | Philippines | Australia | Brunei Darussalam* | Russia Federation | Republic of Liberia | Austria | Panama | Samoa | United Arab Emirates | Luxembourg | Mauritius | Switzerland | Taiwan | Germany | Denmark | Lebanon | Norway | Macau | New Zealand | Ireland | Bangladesh | Cyprus | Qatar | Seychelles | Israel | Sri Lanka | Sweden | Cambodia | South Africa | Cook Islands | Laos | Belize | Afghanistan
Major Foreign Investors in Myanmar

Countries (2011-2012 to 2017 June)

US$ in Millions
Investment Flow in Myanmar

US$ in Millions

- 19,998.97
- 7,751.38
- 6,065.68
- 719.70
- 205.70
- 984.76
- 329.58
- 4,644.46
- 1,419.46
- 8,010.53
- 4,107.05
- 9,481.27
- 6,649.81
- 2989.813

1988-1989 to 2004-2005
2005-2006
2006-2007
2007-2008
2008-2009
2009-2010
2010-2011
2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017
2017-2018 (end of July)
Thank You

Cooperator of Business Community,
Developer of National Economy
DICA

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