

HOW TO SUCCEED IN MYANMAR

2018



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This guide was made jointly by all actors interested in the development of French-Myanmar relations and is intended to facilitate and promote economic relations between French and Myanmar economic players.

It is deliberately very synthetic in order to facilitate its reading and allows, thanks to its multiple references, easy access to more detailed information. It has been updated in June 2018.



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Myanmar is one of Asia's last frontier market. After years of isolation, the country opened up in 2011 and implemented substantial reforms that established the fundamental basis for the development surge of the country. Following the historic election of National League for Democracy's Aung San Suu Kyi in November 2015, the smooth transition of power put an end to decades of direct military rule. The new government, though at a slower pace, further liberalized Myanmar's economy with notably landmark new investment and company law.

In 2017, tensions resumed in Rakhine resulting in a dramatic humanitarian crisis which is yet to be resolved. In this complex environment, in 2017, GDP growth has somewhat slowed down to 5.9% but the long-term economic outlook for Myanmar remains extremely positive.

Myanmar faces important challenges to modernize its economy that are often potential opportunities for foreign investors. Its population is the fourth poorest in Asia but the demographic profile of the country is also a strong catalyst for economic expansion with more than half of the 53 million people in Myanmar aged 27 or less. Even though Myanmar was previously known as the "missing link" between China and India, it has benefited across the last seven years from massive investments in infrastructure, which have turned the country into a new trade outpost for investors in the region.

In the past last years, French companies have expanded their presence in the country and have contributed to Myanmar's economic and social development. Alongside them, the French government is strongly committed to supporting Myanmar, notably through the reinforced financing tools of the French Development Agency, AFD.

Energy



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Total has been in Myanmar since 1992 and is the most important Oil & Gas Company in the country with the production of the offshore Yadana gas field exporting around 6 Bm3/year to Thailand and supplying 2 Bm3/year to Myanmar (half the Myanmar consumption). TEPM is conducting a major exploration program offshore Myanmar and is appraising the 2 gas discoveries announced on Block A6 in January 2016 and August 2017. Total also co-sponsors with Siemens the Kanbauk LNG to power project to supply 1.23GW to Myanmar by end 2021.



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ENGIE has been present in Myanmar for several years and is currently developing hydro, solar, and natural gas projects.

Tractebel in Myanmar is a leading engineering company with ongoing studies and construction supervision of solar, wind, gas & LNG, hydropower, grid and minigrid projects for private developers as well as for Myanmar Authorities and IFIs. Tractebel also involves on urban/river development projects.

Construction



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SUEZ Group has been active in Myanmar since the 1990s providing technical assistance via Degremont for the installation of water supply pumping stations in Yangon and via SUEZ Consulting (Ex Safege) for water supply studies for Yangon.

SUEZ Consulting and SUEZ Group provides services to investors (both IFIs and private investors) in relation to urban services (water supply, wastewater, solid waste, urban transport and energy efficiency) and industrial sites covering feasibility studies, environmental and social due diligence, design and assistant in tendering, construction management and supervision, operations and training.



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Legrand products are available since the late 90' in Myanmar. Our branch office and showroom opened in 2014 to support our distributors and construction stakeholders.

Legrand offers complete solutions for electrical and digital infrastructure of the building. : transformers, ups, low voltage distribution boards, pvc pipe, switch socket outlets, lighting management system, IT racks...

Construction



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From Buildings & Real Estate, to Industry & Manufacturing and Energy & Infrastructure, Archetype designs and manages the construction of all kind of projects with consultancy such as Architecture & Master Planning, Building Design & Engineering, Project & Cost Management and Industrial & Process Engineering. Myanmar office has developed, several hospitality, residential and industrial projects, as well as master planning and high rise building all over Myanmar during the past 4 years.

Retail



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Pernod Ricard established a local presence in Myanmar in 2018 through a partnership with Yoma Strategic and the Win Brothers. The partners will jointly own Asia Beverages Co., a leading manufacturer and distributor of alcoholic beverages in Myanmar, under the High Class whisky brand. The joint venture will namely operate a bottling plant in Yangon and 10 commercial branches across Myanmar, with ~600 employees. Pernod Ricard is committed to growing this local business further by leveraging its global experience and capabilities.

Communication



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Apollo Towers Myanmar has been established in Myanmar since 2014 to cope with the booming telecom demand, when the Government awarded two telecom licenses to foreign Operators.

It is a leading tower company providing passive infrastructure (tower and power) to all operators. Apollo has built and owns 1800 sites so far and delivers world class services to its customers.

Logistics



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Bolloré Logistics was established in Myanmar in 2014. Our services include freight management (air, sea, road, multi modal) customs clearance, warehousing, and supply chain services.

Our international and local expertise allow us to successfully provide logistics solution for companies coming from various sectors such as Oil& Gas, Power, Telecom, Garment, Infrastructure, Food & Beverage and Retail...

Medical



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Samitivej Hospital Group opened its first clinic in Yangon in 2014. Located inside Parami Hospital, Samitivej Parami Clinics offers primary care services for the entire family. A 24/7 ER service is also now fully operational, including a medical aero-transportation team. In 2016, a 2nd clinic was opened near the 8 Miles junction. The Thai and Myanmar medical team offers a medical services to Thai expatriates and local patients.

Hospitality & Tourism



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AccorHotels is currently managing 9 hotels , from Ibis Styles to Sofitel in 4 different destinations : Nay Pyi Taw , Yangon, Inle and Mandalay. With over 1600 rooms AccorHotels is the largest international Hotel operator in Myanmar. The Group continues its expansion with new properties joining the network end of 2018

Media, TV Broadcasting & Content Production



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CANAL+ MYANMAR launched a national new Pay TV platform in Myanmar in January 2018.

The offer integrates 80 channels. A part of those channels, CANAL+ Myanmar FG edits and produces 8 homemade channels, specially tailor-made for Myanmar market.

CANAL+ Myanmar FG, in partnership with Forever Group is producing contents as TV series, documentaries, music clips ... for highlighting Myanmar talents and promoting them abroad.

CANAL+ Myanmar FG has integrated already more than 100 staffs in different departments. CANAL+ Myanmar FG is regularly running training session in media position, permitting new comers to master new jobs.

Health & Beauty



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Bioderma opened an affiliate structure under the name of Mintha Care Co., Ltd in Myanmar in September 2017. As of May 2018, the brand is present in over 60 point of sales such as chain pharmacies, aesthetic clinics, beauty stores, drug stores..., in Yangon, Mandalay, Mawlamyaing, Taunggyi and Nay Pyi Taw. Bioderma is also supporting Dermatologists in Myanmar through the creation of a Dermatology Association and by organizing scientific workshops and seminars on Dermatology as well as other skincare related topics.

Legal



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VDB Loi is a leading law and advisory firm in Myanmar, and part of the VDB Loi network in Cambodia, Indonesia, Laos and Vietnam. In Myanmar, the firm is recognized for assisting investors on many large projects, such as multibillion US\$ LNG to Power and hydropower projects, a greenfield mobile network operator entry, a new airport, and the market entry of several foreign commercial banks. The firm assists the majority of IPPs in Myanmar and advises on the larger part of financing transactions by international financial institutions, including their largest ever Myanmar deal.

AFD



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The French Development Agency (AFD) is France's inclusive public development bank. It commits financing and technical assistance to projects that genuinely improve everyday life, both in developing and emerging countries. Through its net-work of 85 offices, AFD currently finances, monitors, and assists more than 2,500 development projects in 108 countries. In 2016, AFD earmarked €9.4bn to more than 600 development projects.

Activities in Myanmar

AFD operates in Myanmar since April 2012, first through grants under a "post-crisis country" mandate, then through both grants and concessional loans since 2014 under a new mandate of "green and inclusive growth". From 2012 to 2016, AFD annual commitments to Myanmar rose from 3 M€ to 100M€. AFD's main financial tool in Myanmar is sovereign concessional loan (very concessional loan from AFD to the Government of the Union of Myanmar). AFD grant is also mobilized through regional projects, as well as European delegated grant to complement AFD loans.

As of today, AFD has provided €215 M of financial support to Myanmar, including €58 M grants and €157 M concessional loans.

The projects are in their majority implemented by the government. As such the consultants and private companies recruited to implement the projects are selected by the government through international tenders.

Business France



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Business France is a national agency supporting the international development of the French economy. Its goal is to foster export growth, support job creation by French businesses as well as promoting and facilitating international investment in France. Should you be looking for opportunities in Myanmar, Business France can inform and support you with customized trade missions and matchmaking.

<https://export.businessfrance.fr/birmanie-myanmar/001B1705478A+guide-des-affaires-myanmar-2017.html>

CCI France Myanmar



Guillaume REBIERE

Executive Director

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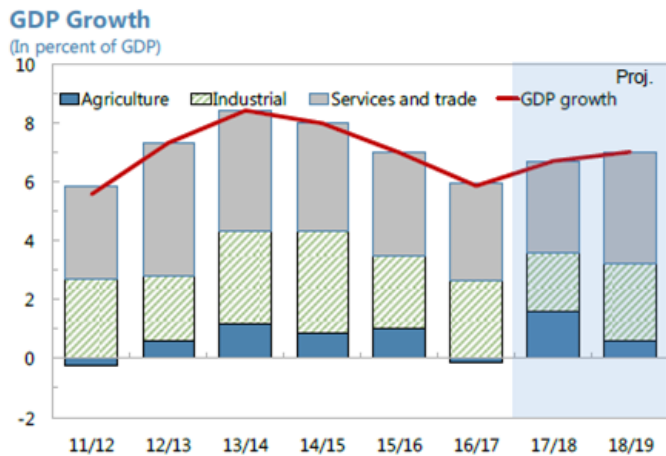
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CCI France Myanmar operates in Myanmar since 1996 and brings together more than 120 French, Myanmar and international member companies. It offers a wide range of settlement, networking and matchmaking services, business support and HR services, trainings, offices for rent, events...

www.ccifrance-myanmar.org

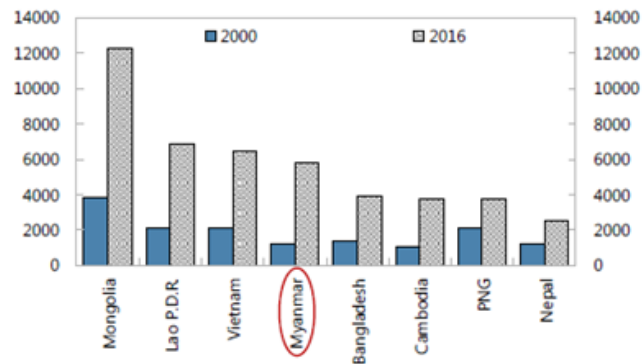
Main economic data & key figures

GDP Growth (% change)*



Sources: Myanmar authorities; and IMF staff estimates.

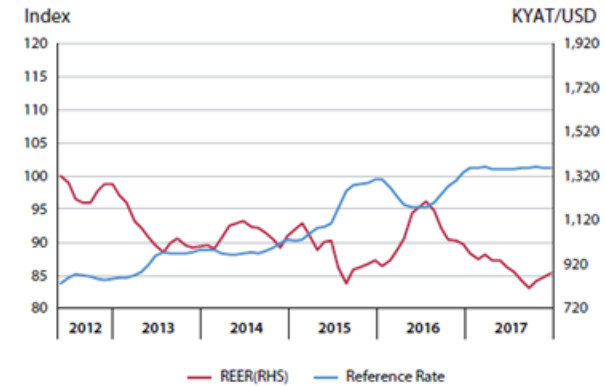
Per Capita GDP (PPP)
(In U.S. dollars)



Source: IMF's World Economic Outlook database.

Myanmar Kyat/US Dollar exchange rate - 2012-2017

Source: Myanmar Central Bank



Forecast

IMF estimates that the Myanmar economy grew by 7.3% during 2015/2016. Myanmar may expect another year of consequent growth in 2016. Prices are expected to rise by 10-12% in 2016, compared to 12.2% in 2015.

While limiting the fiscal deficit (< 5% of GDP currently), the government aims at investing in health and education sectors. However, due to external borrowing to finance off-budget operations and the increasing number of tax exemptions, fiscal risk might occur.

Continued inflows of FDI and further reforms allow thinking that Myanmar's growth will remain strong. It should keep growing by about 7% per year in the following years.

The country's strategic location and its proximity to a dynamic East and Southeast Asia should serve it well as manufacturers move around the region seeking lower labor costs.

Nevertheless, Myanmar still depends mostly on energy and agriculture. FDI in natural resources and exports of commodities will be important in driving the economy in the next years.

Energy

Although Myanmar is one of the oldest oil producers in the world with the production of the onshore Yenangaung field by the Burmah Oil Co in 1886, Myanmar is nowadays mainly a gas producer and has very limited oil production. Gas is mainly produced offshore from 4 main fields. Yadana, Yetagun, Zawtika and Shwe. Gas production represents 2 Bscf/day or 20 Bm³/year, 80% of which is exported to Thailand and China.

The Yadana field, operated by Total E&P Myanmar, is the main gas field in Myanmar, producing around 800 Mscf/d or 8 Bm³/year. It supplies around half of the gas consumed in Myanmar and 15% of the gas consumed in Thailand, where ¾ of its production is exported.

Gas exports represent a large share of the exports of Myanmar and of the Government budget. Oil production is limited at around 12 000 bbl/day, and while Myanmar exports most of its gas, it imports large quantities of refined products.

Exploration for oil & gas is being conducted on 75 blocks (onshore and offshore) out of the 104 blocks officially existing in Myanmar. Beginning of 2016, 2 gas discoveries in deep offshore have been announced on blocks A6 and AD7. The national oil & gas company MOGE produces Oil & Gas on shore and is a partner of the companies operating in Myanmar. They also act as the regulator of the sector under the guidance of the Ministry of Electricity and Energy.

Regarding power, both the electrification ratio (less than 40%) and the installed capacity (~5.5 GW) are critically low in Myanmar. Hydro and gas power plants represent respectively roughly 60% and 40% of the existing installed capacity. The planned additional installed capacity by 2022 is in the range of 3 GW while the Electricity Master Plan elaborated by JICA displays a total installed capacity of 25 GW by 2030, which will request massive investment in new plants and in the grid (2-4 BUSD/yr). In the very short run, LNG to power solutions and existing plants rehabilitation appear privileged. On the medium to long run, Myanmar has a huge untapped hydro-power potential (40 to 100 GW), a large domestic gas potential and abundant sun. The current major issue for the power sector is the tariff, which is expected to increase soon in order to better reflect the generation cost.

Construction & Real Estate

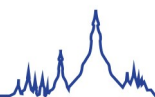
After years of isolation, during which few projects took place, with the exception of Naypyidaw, Myanmar construction and real estate market has become in 5 years one of the key drivers of the country's economic growth. Its value is expected to grow at ~10.5% CAGR between 2015 and 2020, from US\$ 8.2bn to US\$ 13.5 bn.

Needs are huge in this country where basic infrastructures are lacking or obsolete, and urbanization is growing rapidly. This is particularly the case of the two major cities Yangon and Mandalay which are receiving the majority of FDI and also investment from IFIs. Large infrastructure projects financed by particularly ADB/AFD and JICA are under implementation in both Mandalay and Yangon, with considerably more in the pipeline for each of these major cities. Smaller cities due to their lack of repayment capacity are receiving less investment which will undeniably accelerate urbanization of the two major cities unless special policies are implemented by the Myanmar government.

The real estate activity grew by 7.4% CAGR between 2010 and 2014 and is concentrated in the largest cities. Over the past few years, the focus was on the high-end segment but due to an excess capacity, especially in Yangon, the focus is shifting toward more affordable constructions, more in line with the needs of the population. Residential market as well as hospitality segment suffered in the last year however office and retail sectors are in better shape to cover a real gap in the real estate offer.

Small to medium industries are also increasing their presence in Myanmar especially regional actors in garment, food & beverage & manufacturing of consumer goods. The government is supporting the trend with ambitious plans to develop affordable and low-cost housing in the largest cities. The development will not only focus on Yangon but also on Mandalay and other places such as Patheingyi, Mawlamyine and Dawei. The industry is facing a challenging environment with unclear regulations regarding land title and construction codes, underdeveloped financing system and the impact of the exchange rate variation on the local real estate market.

Despite these challenges, construction and real estate will remain key drivers of the economic growth of the country. New opportunities could be found in heritage buildings, green constructions, higher quality and high level of safety standards.



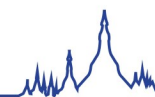
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The industry is facing a challenging environment with unclear regulations regarding land title, underdeveloped financing system and the impact of the exchange rate variation on the local real estate market. On the other hand, the standard and codes for construction have seen a consequent improvement in clarify an important number of point which was unclear before. Nevertheless, permitting process might still remain a long and complicated process.

Despite these challenges, construction and real estate will remain key drivers of the economic growth of the country. New opportunities could be found in industrial services, heritage buildings, green constructions, waste to energy and higher quality and high level of safety standards.



Telecommunication

Following the vote of a telecommunication law in 2013, which replaced the Burmese Telegraph Act 1885 and the Burmese Wireless Telegraph Act 1934, ending Myanmar Post and Telecommunication (MPT)'s monopoly and allowing the entrance of two foreign green-field operators, Telenor from Norway and Ooredoo from Qatar, Myanmar's mobile market has been growing by leaps and bounds, driving down voice and data rates.

Since 2014, the market has seen the most dramatic rise in data usage across Southeast Asia. The mobile market is classified as a fast grower by the GSM Association. The latest Q2 2016 figures recorded 44.9 million connections covering a population of ~52 million.

The leading operators are respectively, in market share, MPT, Telenor and Ooredoo.

Today, telecommunications development remains a fundamental pillar in the evolution of Myanmar's economy and infrastructure. It also supports the development of other sectors, particularly financial services and education thanks a wider access to Internet services.

A fourth "full license" has been granted in January 2017 to a local consortium partnering with Viettel, as planned by the Telecom law. This new operator is planning to launch its operations by mid-2018, countrywide.

New entrants like fix wireless ISPs are expected to heat up competition further in the second half of 2018.

Agriculture

The agricultural sector is very prominent in Myanmar, generating 25% of the GDP in 2016 and employing 50% of the working population. Within ASEAN countries, Myanmar is noted for the lowest agricultural yields, with productivity for paddy. The average earning of paddy farmers is US\$2.50 per day in monsoon season (8 times less than Thai farmers' earning). This productivity gap is due to a lack of infrastructure (roads, irrigation, processing plants...), and also to weaknesses in the laws administering agricultural activities. Restrictive land-use practices for farmers, and difficult access to credit are leading to low levels of investment and mechanization in the small-holder farms. Rice represents almost 45% of cultivated area and is by far the most common crop choice for farmers. However, it is not the main export since it represents only 2% of total export value. With 8% of export value, pulses and beans are the main export crop of Myanmar. While 70% of the production of pulses and beans is exported to India (mung beans, pigeon- and chick peas), only a minor share of this volume consists of refined or processed grains.

The agriculture sector contributes to 26.5% of total export earnings, according to data from the Department of Agricultural Planning under the Ministry of Agriculture, Livestock and Irrigation. The other notable crops include raw sugar, sesame seeds, cereals, groundnut, rubber, maize, cotton, and coffee. Despite the government's efforts to provide new inputs distribution schemes, the existing system is insufficient. The supply of certified paddy seeds doesn't even meet 1% of the potential demand. In addition, internal regulatory hurdles are still preventing private seed providers to import the required amounts of quality seeds. Therefore, many Myanmar farmers have to use their own seeds, which are often of poor quality. A lack of quality seeds directly equates with low productivity and is, thus, a major challenge to the growth of this sector.

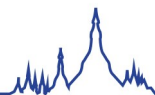
According to AFSIM, a Yangon-based consultancy, the current weaknesses in agricultural sector indicate potential for investment in input trading (e.g. seeds and plant and veterinary medicines), for supplying small machinery (sales of small motorized tillers have rocketed since 2015), and for processing of raw products into higher value-added goods e.g. feed production, produce freezing or caning, juice/ essential oils/ pigments extraction, ready-to-eat goods etc.

Transports & Logistic

Despite its location between India, China and Southeast Asia, it remains difficult for Myanmar to deal with all the logistics it should have. Lack of infrastructures remains a huge obstacle for foreign investors in Myanmar. Basic requirements, like reliable electricity supply and road infrastructures, are not efficient enough. With recurrent power cuts and irregular power supply in general, companies come to use other different sources of electricity, such as generators. Even if the main cities are well linked, many parts of the roads are pretty degraded, and without a reliable nationwide network, businesses struggle with high distribution costs due to inefficiencies in transports and logistic.

However, if Myanmar faces many infrastructure needs, a number of developments were undertaken these last years. Increased mobile and internet penetration, the development of special economic zones (SEZ), the establishment of new airports and upgrades to the existing facilities, as well as better connectivity to the international community.

If the Special Economic Zones will improve trade and partnerships with foreign countries, Myanmar still needs a better transport system. According to the World Bank, it ranks 113 out of 160 countries in 2016's Logistics Performance Index. The government has started to develop new infrastructures, including a new international airport, deep-sea ports and port terminals, and will upgrade existing facilities such as airports and the rail networks. Many more projects are expected to face the current issues regarding the transportation system. The development of new infrastructures and the improvements of existing facilities or service provision will increase investment opportunities.



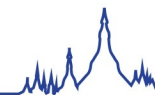
Medical & Pharmaceutical

Myanmar is a young country with the highest child mortality in the region after Laos. Malnutrition concerns about 29% of children. Health awareness and education is booming in the Burmese population but the public health system delivery is currently inadequate (shortage of beds, lack of qualified doctors, nurses and midwives and overall lack of management of the health care system). There are 0.36 physicians/1,000 people which is the lowest ratio in Asia.

Private and Army related hospitals are booming but are facing also shortage of qualified specialists as well as medical management. Some private hospitals are operating in joint venture with foreign hospitals, but the cooperation is limited by the difficulties to get medical licenses for foreign doctors as well as for the re-patriated Myanmar national doctors. As a consequence, those who can afford it are still traveling to Thailand, Singapore and Malaysia for medical care. It is estimated that it will take at least 20 years for the Myanmar health sector to catch up with the neighboring countries.

In term of public health, priorities were given to maternal and child health for the last few years but emergency medicine and pre-hospital care are now on the list of the priorities. Blood transfusion has reached the international standards in Yangon but it is facing major difficulties in most of the country including other major cities. Meanwhile they are a few success story in Myanmar, vaccination coverage is quite high and the country has launched in 2017 a campaign to eradicate Japanese Encephalitis. Another tremendous success is the fight against Malaria which will be eliminated from the country in 2030. The Myanmar government has recently agreed on foreign medical training programs and a MoU have been signed with Stanford University for emergency training in Yangon and a medical university in Nay Pyi Taw. More MoUs are expected to be signed with other medical institutions in the near future.

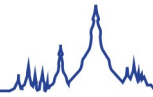
Most of major drug companies are existing in Myanmar, Sanofi, GSK, Pfizer and the current lead time to have a drug license in Burma is 2 years. Vaccine are well available in Myanmar with good cold chain for the official distributors. Insurance sector is burgeoning in the country, but the premium are quite low to have major international insurances providing directly insurances to Myanmar nationals.



Health & Beauty

Although Myanmar consumers (women, men and children alike), already show a natural appetite for attractiveness with the use of Thanakha, 2015 marks a turning point for the modern beauty industry in Myanmar. The increase of purchase power, the opening up of the country and the internet liberalization have made access to imported aesthetic products abundant and easy. French brands like l'Occitane-en-Provence, Yves Rocher and Clarins have opened up flagship stores in Yangon. Other Asian brands, especially Thai ones, have been available in the market for 20 years. The beauty sector in Myanmar became vibrant in 2016 with the opening of the first local cosmetics chain store with international standards: Beauty Diary. Since then, many other similar chain stores opened up. This sector in Myanmar cannot be dissociated from the development of social media, especially the role of Facebook: Myanmar internet personalities and bloggers inspire and give tips through the usage of their Facebook page. These influencers have hundreds of thousands of followers and play a key role in the beauty trend.

Related to the beauty domain and as a part of the healthcare industry, are the Aesthetic and Dermatology sectors. Consumers are becoming increasingly aware of skin diseases like skin cancer due to the absence of sunscreen protection and of issues such as sensitive skin, atopic skin etc... Skincare products are thus more important in daily life, taking part in a well-developed routine similar to the one in South Korea. Until now, Dermatology was not a popular subject for Medical Studies and few doctors would pursue a 3-year specialization in the department. However, the trend has shifted and in January 2018, the authorities created 5 new departments of Dermatology in General Hospitals of secondary cities throughout Myanmar. This marks a real recognition of the Dermatological sector and studies. In parallel, private initiatives by young Medical doctors led to the creation of more than 30 Aesthetic Clinics that have emerged over the last 3 years in Yangon's landscape along with hi tech equipment (lasers, injections etc...). These Clinics also play a major role in the dynamics of beauty in Myanmar.



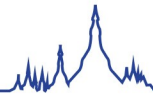
Industry & Manufacturing

Myanmar provides attractive incentives for foreign manufacturers thanks to a human resources asset of young population: more than 50% of the population is aged 27 years old or less. The country is ideally situated: part of the dynamic South-East Asia, between China and India. Last but not least, Myanmar has one the lowest cost of labor in the world: the minimum daily wage being set at 4,800 MMK.

For the past two decades Myanmar's manufacturing sector has been dominated by the garment and apparel industry with an impressive export growth, averaging 25% since 2012. Myanmar has potential: long experience in mid-range quality product for South Korea and Hong Kong market (since early 1990s). Since easing of sanctions, many European brands have also leaped at the opportunity to source from Myanmar such as Primark, H&M, Mark & Spencer, Adidas.

Yet, some investors are still hesitant since infrastructure is lacking in particular reliable electric power supply, workforce needs to be trained and value chain has room for modern operational efficiencies. Garment and footwear factories in Myanmar are primarily handling CMP contract manufacturing but an increasing number are adopting various forms of wet processing: dyeing, washing, and modern tech like digital printing. In terms of garment factory numbers, there are 480 in Yangon and Bago compared to 30 factories (overall smaller) in Mandalay and Magway divisions and 7 in Patheingyi.

In addition, international supply chain and logistics companies are beginning to expand operations. Myanmar's first Special Economic Zones (SEZ), such as at Thilawa SEZ (government JV between Myanmar and Japan) is ideally located and enables more international companies to set up due to international competitive standards and regulations. At the same time, the government aims to streamline the procedure to decentralize industrial activities by attracting more FDI in other cities thanks to the new tax structure under the Myanmar Investment Law providing 5 to 7 year-tax holidays for factories in less developed regions. We are now seeing dedicated investments promotions in these regions: Shan, Kayah and Kayah etc...



Hospitality & Tourism

Visitor demographic has shifted over the last quarter 2017. We observe more arrivals from Asian Countries, especially China VS Europe and US. The trend is expecting to remain the same over 2018. The number of international arrivals at Yangon Airport may not reach the 2 digits in 2018.

The Airlines are adapting their routes and the hospitality sector is reviewing its business model to this new environment.

The number of rooms available, especially in Yangon increased tremendously in 2017 bringing the midscale / upper scale level inventory to 5,000 rooms from 3,900 a year earlier. New Asian and International Brands came to complete the offer. With projects close to completion the supply is expecting to continue to grow at a steady pace in 2018.

In 2018 we expect to see daily rates to correct downward.

In cities like Yangon, the service apartment sector seems promising as long as the offer is adapted to the need of the new clientele demographic.

In the midterm we can expect the demand leisure and corporate coming back in a more mature market.

There is a strong increase in arrivals from Thailand due to the easing of visa procedures, proximity, the increase of number of low-cost flights and religious tourism. The easing of procedures for Tourist Visa will be extended to other countries, starting with Singapore.

The E-visa system, which was introduced at Yangon International Airport in 2014 turned out to be a successful step. Originally available to visitors from 41 countries, the system was subsequently expanded to 67 countries.

From tropical islands to snow-capped mountains, Myanmar is one of the few South East Asia Countries to offer some many diversified and unspoiled leisure destinations.

Land transport and logistic remain a challenge, despite constant improvement in the infrastructures. Most of the worldwide tour operators partner with Country Destination Management Companies to welcome their clients.

Media, TV Broadcasting & Content Production

Media sector in Myanmar is currently in complete evolution from last few years. Terrestrial “free to air” technology added to Satellite transmission allow a 100 % coverage of the country. Television and radio remain the mainstream medias for consumers with the highest consumption habit. Free to air with main channels as MRTV (Government owned), MRTV4 and Channel 7 (both privately owned) are still main TV entertainment. Pay TV with 2 offers, Skynet and CANAL+ are giving more opportunities to audience to benefit from new TV contents. Pay TV is developing a lot.

Few years ago, Korean and Indian TV contents was the main international contents available on Myanmar TV. Today, audience can benefit from a larger choice of international contents for the benefit of the whole Myanmar families. Also, the development and the production of local content for TV and Cinema is strongly growing and the demand is getting stronger.

The broadcasting of local series is a key to success and a "must-have" for all broadcasters and media platforms, including new OTT and SVOD platforms.

Introduction

The legal system of Myanmar is a unique combination of customary laws governing in the area of personal law issues, codified English Common Law, Myanmar statutes and judicial decisions. Myanmar legislation includes 13 volumes of codified laws from 1841 to 1954 (“Burma Code”), the Myanmar Court’s Manual, and special laws, rules, regulations and orders enacted from time to time. In order to be compatible with the current day legal system and international practice, the government has modified, amended or replaced the Acts and Laws of Burma Codes with new legislation.

The government publishes a bi-monthly Gazette that provides notifications, amendments to existing laws, and enactments of new laws. Generally, Myanmar laws enacted are mostly published in Myanmar language and the Attorney General’s Office publishes their official translations in English after some time.

Foreign investment

Until recently, foreign investments were regulated by the Foreign Investment Law (FIL). It determined the rights and duties of foreign investors and established a list of activities that foreigners were allowed to do solely themselves or in joint venture with Myanmar citizens or were entirely prohibited from doing. In 2016, the Myanmar Investment Law (MIL) was passed to update the legal framework for investment of both foreigners and Myanmar citizens. It allowed investors to benefit from tax advantages and the right to enter into long term lease agreements of 50 +10 +10 years by easing the process of applications to the Myanmar Investment Commission.

There are 5 categories of economic activities:

- Section 41: prohibited sectors to both Myanmar and foreigners
- Section 42: restricted sectors:
 - Only possible by the government;
 - Only possible by Myanmar companies or Myanmar citizens
 - Only possible in the form of a JV of local and foreign parties
 - Only possible with the authorization of relevant ministries

The “*Myanmar Investment Rules*” provides the new classification of activities within this framework and more details on the new rights and duties of foreign investors.

In general, foreigners are not allowed to trade in Myanmar which means, goods may not be imported or exported out of the country. There has been an ease in restrictions since the introduction of the new “*Myanmar Company Law*” (MCL) that allows foreigners to own 35% in a company and still be a local company. This regulation implies that a minority joint venture would be allowed to carry out activities that earlier foreigners were completely prohibited from carrying out.

The MCL also replaces the archaic Myanmar Companies Act of 1914 a much-needed reform for Myanmar. MCL is not a disruptive reform. The law was passed in late 2017 however will be implemented from 1 August, 2018.

More info:

- Myanmar Investment Law: announcement of 03.01.2017: “*Myanmar Investment Law* (Official Translation)”
- Myanmar Investment Rule : information “*Myanmar Investment Rule* (Draft)”, from 04.02.2017

<http://www.dica.gov.mm/en>

The Myanmar Investment Commission (MIC)

This commission is in charge of approving investments in Myanmar. There are several ways for foreign companies to establish their business in Myanmar:

- A joint-venture with a local company
- A joint-venture with the government
- By establishing a subsidiary or branch in Myanmar
- By registering a company as a foreign company

Pursuant to the Myanmar Investment Law 2016, a MIC Permit is mandatory only for the following sectors:

- Investment businesses essential to the Union strategy
- Large capital-intensive investment projects
- Projects likely to cause a large impact on the environment and the local community
- Investments using state-owned land and building
- Investments designated by the government to require the submission of a proposal to the Commission

Foreign direct investments are increasingly encouraged by the government which confers tax advantages and work for the establishment of special economic zones (Thilawa, Dawei, Kyaukphyu). The government wants the various SEZs to contribute to the creation of infrastructures and the acceleration of industrialization.

How to register your business

The Directorate of Investment and Company Administration (DICA) is under the supervision of the Ministry of Planning and Finance. It is responsible to conduct business registration and acts as a secretariat of the Myanmar Investment Commission.

DICA provides the procedures for creating businesses in Myanmar to register a business in Myanmar, the obligations concerning the distribution of shares and the minimum amount of capital.

<http://www.dica.gov.mm/en/how-register-your-company>

Taxation

The *Union Tax Law 2016* governs taxation in Myanmar.

Foreign companies registered with a license from the MIC can benefit from tax advantages.

There are 18 Myanmar taxes classified into 4 categories.

<http://www.irdmyanmar.gov.mm>

Corporate Income Tax

The current corporate income tax (“CIT”) rate is 25% for Myanmar companies, branches registered under the Myanmar Companies Act 1914 (“MCPA”), and companies operating under permission from the Myanmar Investment Commission (“MIC”) (i.e. foreign-owned resident companies with an investment license from the MIC granted under the Foreign Investment Law and Myanmar Investment Law 2016). However, please note that CIT rate for companies listed on the Yangon Stock Exchange is 20%. Resident entities, which are defined as companies established under the MCPA, are obliged to declare and pay CIT on their worldwide income. Non-residents, which are defined as entities other than residents, including branches registered under the MCPA, are only obliged to pay CIT on their Myanmar-sourced income.

Withholding tax

The Ministry of Planning and Finance (“MOPF”) released Notification 51/2017 (“New Notification”) on 22 May 2017, which revokes the old Withholding Tax (“WHT”) Notification 41/2010 (“Old Notification”) dated 10 March 2010, Notification 167/2011 dated 26 August 2011 of MOPF, Notification 2/2017 and Notification 31/2017. The New Notification is effective from 1 April 2017 (FY2017- 2018) and the Old Notification is effective up to 31 March 2017 (FY2016-2017). The New notification re-iterates that the payer has the legal obligation to deduct WHT from payments that are subject to WHT, regardless of whether the income recipient has agreed to the deduction or not. Please note that the payer has to pay WHT if not deducted. Please refer to below table for summary of WHT rates changes.

TYPE OF INCOME	RESIDENTS	NON-RESIDENTS
Interests	0%	15%
Royalties	10%	15%
Goods (Locally purchased goods & not imported goods)	2%	2.5%
Services (Locally rendered services)	2%	2.5%
Lease	2%	2.5%

Personal Income tax rates

Approximate USD amounts are mentioned in bracket based on the exchange rate of 1USD = 1300 MMK, in the table below.

PERSONAL INCOME TAX RATES		
FROM MMK (USD)	To MMK (USD)	INCOME TAX RATE
1 (0.0008)	2,000,000 (1,538)	0 percent
2,000,001 (1,539)	5,000,000 (3,846)	5 percent
5,000,001 (3,847)	10,000,000 (7,692)	10 percent
10,000,001 (7,693)	20,000,000 (15,385)	15 percent
20,000,001 (15,386)	30,000,000 (23,077)	20 percent
30,000,001 (23,078) and above		25 percent

Labour & Human resources

According to the Factory Act 1951, blue-collar workers are supposed to have an hourly volume of work equivalent to 44 hours per week, 8 hours a day and 6 days week.

Any surplus labor time is counted as overtime. If work must be done on an ongoing basis, it cannot exceed 48 hours per week. There must be a 30-minute break every 5 hours of continuous work. There should be a day off per week, usually on Sunday, but if this is not the case, a substitute day off must be given to the worker.

White-collar workers are subject to the same rules. However, the number of hours of overtime should not exceed 16 hours per week, salary counted extra time is 2 times the original salary.

The minimum wage is 4,800 Ks (Myanmar Kyats) per day, or 600 Ks per hour. It is equivalent to US\$ 3.3 per day.

All institutions should contribute to the financing of social security of its employees directly on the wages of insured workers.

The amount of funding is fixed as follows:

Social Fund and Health: 2% by the employer, 2% by the employee

Labor Accident Fund: 1% by employer

Total: 3% by employer, employee 2%

Only at or above wages to 300,000 Ks (Myanmar Kyats) per month are subject to participation in the social security

<http://www.mol.gov.mm/en/>

French Embassy



102, Pyidaungsu Yeiktha Road - Yangon
Tel.: +95 - (0)1 212 520, 212 178, 212 530
www.ambafrance-mm.org/

Economic Department

Mr. Hubert COLARIS - Economic Counsellor
hubert.colaris@dgtrésor.gouv.fr
www.tresor.economie.gouv.fr/Pays/MM/

Business France Myanmar

Ms. Géraldine MABILLE - Commercial Attachée
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Tel.: +95 - (0)1 230 21 68
geraldine.mabille@businessfrance.fr
<http://export.businessfrance.fr/>



Agence Française de Développement (AFD)

Mr. Ghislain RIEB - Head of Office
French Development Agency
riebg@afd.fr
www.afd.fr/home/pays/asia/geo-asia/birmanie

French Myanmar Chamber of Commerce & Industry



CCI France Myanmar

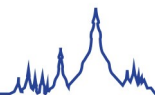
Mr. Guillaume REBIERE - Executive Director
Tel.: +95 - (0)9 425 450 546
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www.ccifrance-myanmar.org

French Foreign Trade Counsellors



Conseillers du Commerce Extérieur

Mr. Philippe BATTLE - President
philippe.battle@accor.com
www.cnccef.org/



Organizing a prospection mission in Myanmar

Following the lifting of most of the western sanctions, Myanmar has opened its market for the last 5 years. The following advices will help you to organize a prospection mission and unfold it smoothly.

Time

Myanmar time is +6h30min GTM, it is +4h30min with France during Winter Time and +5h30Min during summer time.

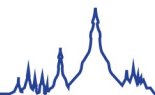
Money

The local currency is kyat (MMK). (Exchange rate on 25/07/2018: 1 Euro = 1690 MMK).

When arriving in Myanmar, you can change various currencies (USD, Euro, SGD, THBT etc..) at a reasonable rate. Currency Exchange posts can be found at the airport, in hotels and more generally in the city main streets (Yangon and Mandalay) quite easily. But pay attention to your notes condition, a small stain or a folding mark are potential reasons to see your notes refused. To avoid folding marks, you can carry your Euro or USD in a flat folder or a book, avoid using a wallet.

You may bring Euro, but be informed that USD is commonly used in the country, especially for hotel, high end restaurants, flights and access to historical sites.

You will find numerous ATMs in Yangon and tourists hubs, but not all kinds of debit and credit cards are accepted. Bringing notes to cover your entire business visit is recommended.



Visas

To enter Myanmar, you must have a valid passport and an entry visa.

A business visa is valid for 10 weeks (70 days) and require an invitation letter from a local company (The French – Myanmar Chamber of Commerce & Industry can provide such document).

You can also consider applying for a tourist visa, valid for 28 days for an exploratory visit.

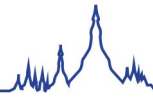
The visa application can be done online (<https://evisa.moip.gov.mm/>) and the processing time is about 3 days.

Phone and Data

Upon your arrival, you can purchase a local SIM card (1500 MMK / 1 euros). This SIM card will allow you to get Data Pack at reasonable price and ensure you to not rely on your hotel WIFI only.

Yangon and Nay Pyi Taw

Yangon used to be the capital of Myanmar until 2005 when Nay Pyi Taw has been designated as the new country capital. Yangon is still, de facto, the “economic heart” of Myanmar and the actual place where most business meetings are held. However, if you plan to meet with officials, you will very likely need to take a one-hour flight to Nay Pyi Taw.



Business Etiquette

The business Etiquette in Myanmar is quite similar to the ones in other Asian countries. If despite the following advices you end up in an uncomfortable situation, either for you or for your host, a simple smile can be of great help. Do not hesitate to ask if you are unsure of something and be reassured, Myanmar people do understand cultural differences and will rarely take offence at a cultural misstep.

◆ Behavior

To address Myanmar people, use their full names and titles. “U” being equivalent of “Mr” and “Daw” can be interpreted as “Mrs, Ms or Madam”.

Businessmen will typically greet each other with a handshake. Do shake hands with a businesswoman only if she offers her hand first. If that’s not the case, bowing and smiling will be appreciated.

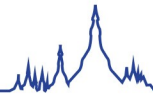
Prepare business Cards, they are widely used. To hand out your business card on a traditional way, use your right hand and use your left hand to support the right arm near the elbow. Handing cards on a more basic way is also accepted. As a mark of respect, take a minute to read your interlocutor’s business card.

◆ Language

Business meetings can generally be conducted in English, when taking place in Yangon, Mandalay and Nay Pyi Taw. However, outside these three main cities and off the tourist trail, English is not widely spoken, you will need to be accompanied by a translator. Finally, learning basic Burmese greetings will be highly appreciated.

◆ Attire

For formal occasions, the local attire is a shirt with no collar and a longyi (sarong). Businessmen can also wear western style top with longyi or western style suit. Businesswomen wear longyi with a dress or a blouse. It is not expected for foreigners to wear local attire; a suit or smart casual clothing is the norm.



Check the Myanmar weather conditions (hot temperatures and high humidity) before coming to make sure your attire will be comfortable. For Businesswomen, avoid clothing that shows your shoulders and cover your legs at least till the knees. Finally, you might be asked to remove your footwear upon entering a Myanmar office (keep it in mind when choosing your socks).

◆ Gifts

Offering gifts to your interlocutors at a first business meeting is not necessary. If you do so, for government officials or when attending a VIP event, the gift should be of little commercial value (under 25,000 MMK). Otherwise it might be perceived as a corruption attempt. On the other hand, if you receive a gift, to repay it later is recommended to entertain cordial relationship.

◆ Punctuality

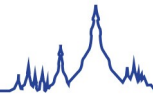
Punctuality is appreciated for working meeting and / or dinner, especially for meetings with authorities and first business meetings.

◆ Topics to avoid

As in almost any business meeting, do not comment domestic politics, government officials or religious beliefs.

◆ Respect for elders

In Myanmar, as in the extended region, there is a strong tradition of respect for elders. A particular attention should be paid to the oldest interlocutors.



The country's business practices

To do business in Myanmar require time and patience. Few meetings are necessary for each party to know, understand and trust each other before addressing more serious and in-depth matters. Do not show impatience. But do not show too high expectations either.

Western businessmen and women often assume a simple and straightforward discussion will benefit each party. In Asia and especially in Myanmar, avoiding conflict in order to saving face is extremely important. These two objectives can lead to unclear situations, where a potential local partner will not clearly refuse a business proposition. Having a local assistant or a partner can be of great help to understand such situations and distinguish politeness with real interest.

If the progressive opening of the county can give rise to many ambitions, it should nevertheless be recalled that Myanmar is only at the beginning of a long process, with still relatively uncertain outcomes. Although the liberalization of the economy seems irreversible, do not forget that the political system remains in transition.

Health

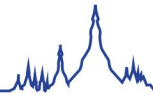
The country's health system is far from ideal and although there are international-standard hospitals in Yangon for major incidents, an air evacuation to neighbouring countries may be required.

International SOS

Inya Lake Hotel, #37 KabaAye Pagoda Road, Yangon
Phone: 016 57 922 - reception.ygn@internationalsos.com
www.internationalsos.com

Samitivej Clinic - Dr. Olivier CATTIN

Parami hospital, 11th Floor, 60 Parami Road, Yangon
Phone: 016 51 674 - ocattin28@gmail.com
www.paramihospitalygn.com



French Schools

There are two French schools in Yangon:

Lycée Français International de Rangoun - Joseph Kessel

French International School of Yangon
Mr. Christophe CASSIN - Director
Tel.: +95 - (0)94 574 990 63
directeur@lfir.org
<http://www.lfir.org>

The Lycée Français International de Rangoun (LFIR), in partnership with the famous French Schooling AEFÉ network, is the one stop French International bilingual (French/English) school in Myanmar, open from 3 years old to secondary students.

Les Cahiers Dorés

39 A, Golden Valley road, Yangon
Mrs. Valérie Legueux - Director
Tel.: +95 - (0)9 513 95 93
valerie.legueux@gmail.com

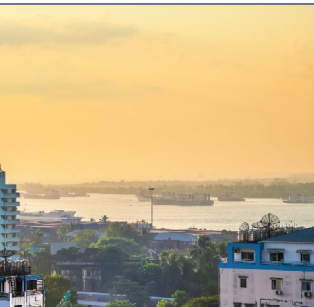
French school for children from 2 to 6 years old. The program is similar to that dispensed in the French nursery schools.

French Associations

Rangoun Accueil

Mr. Charles JULLIARD
President
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rangoun.accueil1@gmail.com
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Associated to the FIAFE, Rangoun Accueil is a French speaking association created in 2013. It provides important and essential information for newcomers to Yangon.



www.cnccef.org/



[https://www.tresor.economie.gouv.fr/
Pays/MM](https://www.tresor.economie.gouv.fr/Pays/MM)



www.businessfrance.fr



www.ccifrance-myanmar.org