



Doing business in Myanmar

A strategic location between the rapidly growing markets of India and China, diverse reserves of natural resources and a huge consuming market within its reach: Myanmar has it all to be the next “Asian Tiger”. A sustained economic growth of 8-9% per annum is expected for the coming years. Opportunities arise for Dutch companies, especially within the sectors agriculture, water, infrastructure & logistics and energy.

In 2011, Myanmar started to democratize and to open up its economy. The EU member states and most other countries have lifted their sanctions against Myanmar. Currently, economic growth has increased to 8,5% annually. Now, Myanmar is in a perfect position to enjoy a long period of high growth. The country is one of the last untapped markets: it has plenty of unused arable land, vast oil and gas reserves, more fresh water resources than any other country in the region, and one of the world's largest gemstone deposits. Perhaps more importantly, located between China, India and Thailand, Myanmar lies in the heart of the world's fastest-growing regional economy. It is estimated that in 2030 half of the world's consumers live within a five hour flight of Myanmar.

The government supports economic growth through its ambitious structural reform program focusing on economic, political and governance reform. Main pillars of this program are stabilizing the currency, new fiscal regulations, stimulating direct foreign investments, improving the financial sector and liberalizing the telecommunications sector. In September 2015, the government introduced a minimum wage 3,600 Kyat a day (\$2.80).

In March 2015, the EU and Myanmar launched negotiations for a bilateral Investment Protection Agreement, to increase security for European investors and stimulate European Foreign Direct Investment (FDI) into Myanmar. At the same

time it should be mentioned that it will take some time before the reforms result in concrete improvement of the business climate. At this moment regulatory process surrounding imports, investment licences and land acquisition are still quite cumbersome and take considerable time.

To promote Netherlands-Myanmar trade relations, and support Dutch business in the country, a Netherlands Economic Mission has been established in Yangon in 2013, which upgraded to an embassy in 2015. The Embassy helps Dutch companies to seize business opportunities, with a focus on the sectors agriculture, water, logistics and energy.

The Dutch Government is committed to help Myanmar develop a sound business and investment climate. To this end, an ‘aid and trade’ agenda has been adopted. Under this agenda various instruments for cooperation between the private sector and the Dutch Government are available (see www.rvo.nl).

Priority sectors

Agriculture

Myanmar is an agriculturally based economy. The sector accounts for approximately 38% of the GDP and it is the second largest export sector – only the gas sector exports

more. Nearly 61.2% of the labour force is engaged in agriculture. Currently, agricultural production is well below its potential. The long isolation of Myanmar has caused considerable underinvestment and delayed modernization. Due to this, Myanmar, which once belonged to the world's largest rice exporters, has seen only little change in agricultural output over the last forty years. In April 2015, a Memorandum of Understanding (MoU) was signed between the Myanmar and Netherlands government.

Myanmar has an excellent resource base for agricultural development and a great diversity in eco-agricultural zones which make it possible to grow many different crops. The country has strong export potential in high value-added crops such as green vegetables. The government is strongly committed to develop the agricultural sector. It seeks to diversify the now largely rice based sector, improve productivity, and move up in the value chain.

Livestock and fishery sector

Livestock and dairy production show impressive growth over the last 10 years. Among meats and poultry, chicken has grown fastest followed by pork and beef. Milk production has also shown impressive gains, but is still underdeveloped. These markets provide many opportunities to the Dutch private sector.

Myanmar has a 1930 km coastline, and is rich in marine resources. The Ministry of Livestock and Fisheries encourages and supports the expansion and role of the private sector.



Water

As liberalization and industrialisation continues, Myanmar's waterways will become increasingly important for regional integration and transportation of goods and persons. The national government has indicated highest priority will be given to infrastructure projects that boost economic integration, such as developing deep seaports and dredging the inland waterways. The devastation caused by cyclones Nargis in 2008 and Komen in 2015 show that Myanmar is very vulnerable to water-related disasters. There is a demand for measures that improve the country's security against these disasters.

Myanmar recognizes Dutch expertise related to water, and the government has specifically requested the Netherlands to assist. A memorandum of understanding regarding this cooperation was signed in May 2013.

Energy

Myanmar has a wealth of possibilities for power generation, from oil and gas exploration to harnessing geothermal

energy and other renewable sources. The country has large natural gas reserves and possesses smaller oil reserves as well. The export of natural gas and other forms of energy is an important source of revenues for the government. At the same time, large parts of the country are not yet electrified, which further drives demand for increased energy production. The government has promised to increase its energy production, but lacks the capital needed to develop these projects. As a number of European companies have recently been awarded with onshore and offshore licenses, supply chain opportunities will arise.

Transport and logistics

Due to the possibility to shave off costly shipping time via over-land transport through Myanmar, the country is likely to become a transport hub between the Indian subcontinent, China, and Southeast Asia. Already, there is demand for both bulk cargo and liquid cargo ports to handle the import of petroleum products for inbound distribution.

On land, there is a need for logistics services, improvement of the cooling chain, improvement of inland waterways, container depots and freight stations. The supply of equipment, engineering, dredging, infrastructure construction and related consulting services are also needed.

Garments

Since labour costs in Myanmar are comparatively low, it is well poised to set up labour-intensive industries such as the garment industry. Most of the garment manufacturing units cater to the domestic market only and have a lot to gain from improvements regarding efficiency, processes, quality and compliance. The garment sector is actively supported by the Netherlands Centre for Import from Developing Countries (CBI) to improve its performance and export orientation.

Do's and don'ts in Myanmar

Be prepared

Before coming to Myanmar, good preparation is essential. Get to know the country and its culture, as well as the economic and political climate. Make good use of the knowledge and services available. Talk to entrepreneurs with experience of doing business in Myanmar. For example, via the European Chamber of Commerce.

Build relationships

Building and maintaining good relationships is essential for doing business in Myanmar. A reliable local partner can speed up the preparatory work considerably.

Understand business etiquette

- Prepare business cards; they are important and widely used.
- Call Myanmar people by their full names and title ('U' is the equivalent of 'Mr' and 'Daw' can be interpreted as 'Mrs', 'Ms' or 'Madam').
- Only shake hands with a businesswoman if she offers her hand first, if not, bowing would be appropriate.

- Hand out business cards with the right hand, using the left hand to support the right arm near the elbow.
- Remove footwear upon entering a Myanmar office.
- Offer government officials, or those at a VIP event, a modest gift of little commercial value.
- Show up exactly on the agreed time either for dinner or working meetings, especially at meetings with the authorities and introductory/ first business meetings.
- Don't show impatience. Business decisions are not made quickly.
- Don't comment on domestic politics, government officials or religious beliefs.

Know your challenges

Myanmar has a lot to offer, but there are undoubtedly many challenges in doing business.

- Understand where to expect challenges: culture and language, laws and regulations, intellectual property rights, trade barriers, logistics, personnel and bureaucracy.
- Get legal advice since Myanmar's legislation is currently going through major changes that may impact your business.
- English is widespread among larger companies, but proficiency is low amongst Small and Medium-sized Enterprises (SMEs).

Act responsible

Responsible business means business activities that comply with the law and international human rights and labour standards and includes responsible social and environmental performance within the context of international standards.

- Make sure to apply due diligence when entering into contracts or other commercial arrangements.
- Corruption is still wide spread in Myanmar; avoid contributing to it.
- Ask specialized organizations for assistance, such as the Myanmar Centre for Responsible Business.

Trade fairs 2016

- Global Water Conference 2016 (23-24 May 2016)
- High Level Global Water Conference (24 May 2016)
- Agro Myanmar (08-09 June 2016)
- The Economist Myanmar Summit 2016 (16 June 2016)
- Agriculture Techniques & Equipment (15–18 July 2016)
- Global Water Conference (GWC) (17-18 August 2016)
- Agro-culture for Myanmar (28-30 September 2016)
- Livestock/Dairy/ Aquaculture (28-30 September 2016)
- Myanmar Aqua Fisheries conference (28-30 September 2016)
- International Livestock and Dairy Expo (October 2016)
- GLOBAL OIL&GAS MYANMAR (18-19 October 2016)
- MyanWater (20-22 October 2016)

Contact the Embassy for more relevant trade fairs.

Practicalities

Visa

Dutch nationals wishing to visit Myanmar need a valid passport and must obtain an appropriate visa. For a first visit a tourist visa, which allows a stay of 28 days could suffice. Myanmar offers an electronic application procedure. For future visits a business visa (stay of 70 days) is needed. It is possible to acquire a business visa on arrival at Yangon International airport upon invitation of a Myanmar business contact. Contact the Embassy of Myanmar in Brussels or visit <http://evisa.moip.gov.mm> for detailed and up to date information.



Money

ATMs are rapidly growing in number, especially in Yangon and major tourist hubs, but are often out of service. Not all kinds of debit and credit cards are accepted. To be sure, bring enough crisp, unfolded US dollars to cover your entire business visit. Euros are more and more accepted at exchange offices.

Telephone

It's recommended to purchase a local SIM card (1500 Kyat/\$ 1,20) on arrival as international providers usually don't have coverage in Myanmar.

Internet

Internet access is increasing: internet cafés or hotels with wifi can be found in remote locations. However, internet speed is usually very slow, especially in rural areas. People are free to access most websites and services – including Facebook, Twitter and Gmail.

How can we support your business?

The Embassy offers active support to Dutch companies present in Myanmar and Dutch companies interested in doing business in Myanmar. Our main services are as follows:

- Finding potential business partners
- Providing information on sectors and rules and regulations
- Supporting trade missions and visiting programs to Myanmar
- Organising introductions with relevant authorities at local, provincial or government level
- Monitoring business opportunities
- Advising on available instruments and services

Official name	Republic of the Union of Myanmar
Government type	Republic Head of State: President U Htin Kyaw
Population	51.4 million (2014)
Area	676,578 km ² (16 times bigger than the Netherlands), coastline: 1,930 km
Time difference	MMT (UTC+6:30)
Currency	Kyat (K) €1,- = 1,341 (April 2016)
GDP growth rate	7.2% (2015)
FDI	US \$ 8100 million (2014-2015)
Trade volume	US \$ 27.77 billion (FY 2015)
Inflation	11.0 % (2015)
Global Competitiveness Index	131 of 140 (2015-2016)
Ease of Doing Business	177 of 189 (2016)
Corruption Perceptions Index	147 of 167 (2015)
Memberships	ASEAN, WTO, UN, EITI (candidate), WB
Main trading partners	India, China, Thailand, Malaysia, Japan, Indonesia, Hong Kong, South Korea
Major exports	Natural gas, wood products, pulses and beans, fish, rice, clothing, jade and gems
Major imports	Fabric, petroleum products and crude oil, fertilizer, plastics, machinery, transport equipment, cement and construction materials, food products and edible oil
Ranking top investors Myanmar	The Netherlands: 10 th position (2 nd investor from EU)
Myanmar – Netherlands exports	US \$ 34.221 thousand (2015) (preliminary figures)

Business support instruments

The “Netherlands Enterprise Agency” (RVO) encourages entrepreneurs in international business and has developed several instruments to support Dutch companies doing business in Myanmar. The main instruments are listed below. For more information, please visit www.rvo.nl or contact the Netherlands Economic Mission.

A **Business Partner Scan** is available for Dutch entrepreneurs who intend to enter a new international market and are looking for suitable business partners. The scan provides you with an overview of potential business partners, such as agents, distributors or even end-users. In addition, relevant market information can be added on request.

The **Demonstration Projects, Feasibility Studies and Knowledge Acquisition (DHK)** program can help discover export and investment opportunities and is open for Dutch small-and-medium enterprises that specialize in doing international business with a particular interest for emerging markets.

The **Dutch Good Growth Fund (DGGF)** supports small/medium Dutch businesses and entrepreneurs by facilitating financing for development-based local investments and exports. Applications must include activities that create new local jobs, increase the production capacity of local industry, and contribute to the transfer of knowledge to the developing country concerned. The DGGF can relieve entrepreneurs’ financing needs in the following cases:

- Investments by Dutch SMEs in Myanmar
- Finance for local SMEs in Myanmar
- Export credit insurance and finance for development-relevant exports from Dutch SMEs to Myanmar

DGGF is not a subsidy. The loans provided must be paid back to the fund so that other companies can also make use of the facility.

The **Facility for Sustainable Entrepreneurship and Food Security** stimulates public/private partnerships within the sphere of food security and private sector development in developing countries. Participation in the facility is open to public institutions, businesses, NGOs and knowledge institutions.

Further reading

Contact the Embassy or take a look at our website for an overview of recently published reports about doing business in Myanmar.

Relevant contacts

The Embassy of the Kingdom of the Netherlands, Yangon

- <http://myanmar.nlembassy.org/>
- www.facebook.com/netherlandsmissionmyanmar

Others

- Netherlands Enterprise Agency: www.rvo.nl
- Embassy of Myanmar in Brussels: www.embassyofmyanmar.be
- Union of Myanmar Federation of Chambers of Commerce: www.umfcci.net

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