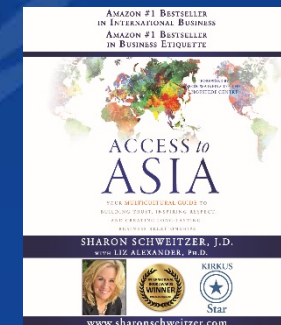


# PROTOCOL & *Etiquette* WORLDWIDE

SHARON SCHWEITZER, J.D.

## Doing Business in Myanmar, Culture Snapshot: Myanmar – Lone Wolves or Asian Tigers?

Cross-Cultural Business Conference 2016  
*University of Applied Sciences Upper Austria Steyr Campus*  
20<sup>th</sup> May 2016



# Myanmar Culture Quiz

## True or False?

- Today the country is referred to as Myanmar by its government and people, but as Burma by the U.S and the U.K.
- Htin Kyaw is the first civilian president after 50+ years of Military Rule.
- *Ahnarde* communicates “Hello, how are you?” in Burmese.
- Myanmar is closer to Spain in the dimension of individualism than any other Southeast Asian nation.

# Culture Quiz Continued

## True or False?

- Myanmar is one of three countries using the imperial system of measurement, instead of the more popular Metric system of measurement.
- Myanmar has 135 ethnic groups divided into eight national races.
- In terms of market growth, the Myanmar economy may be the fastest growing worldwide after 2016 according to the International Monetary Fund projections.

# Culture Quiz Continued

## True or False?

- With increased economic reforms & increased FDI influx, market growth has increased and is expected to grow 8.5% in 2016
- The Foreign Direct Investment Law (2012), allows for 100% foreign ownership or joint venture for FDI.
- Most FDI has been funded by China, Singapore, Thailand & Hong Kong.

# Overview

## Economic Overview

- Geography
- Market Size/Growth/GDP
- Foreign Investment and Relations
- Exports/Imports
- Corruption
- Ease of Doing Business
- Unions/Trade Agreements/Zones

## Cultural Overview

## Market Entry

- Resources
- Stumbling Blocks
- Legal Situation
- Support



PROTOCOL & *Etiquette*  
— WORLDWIDE —

SHARON SCHWEITZER, J.D.



# Current Political Situation

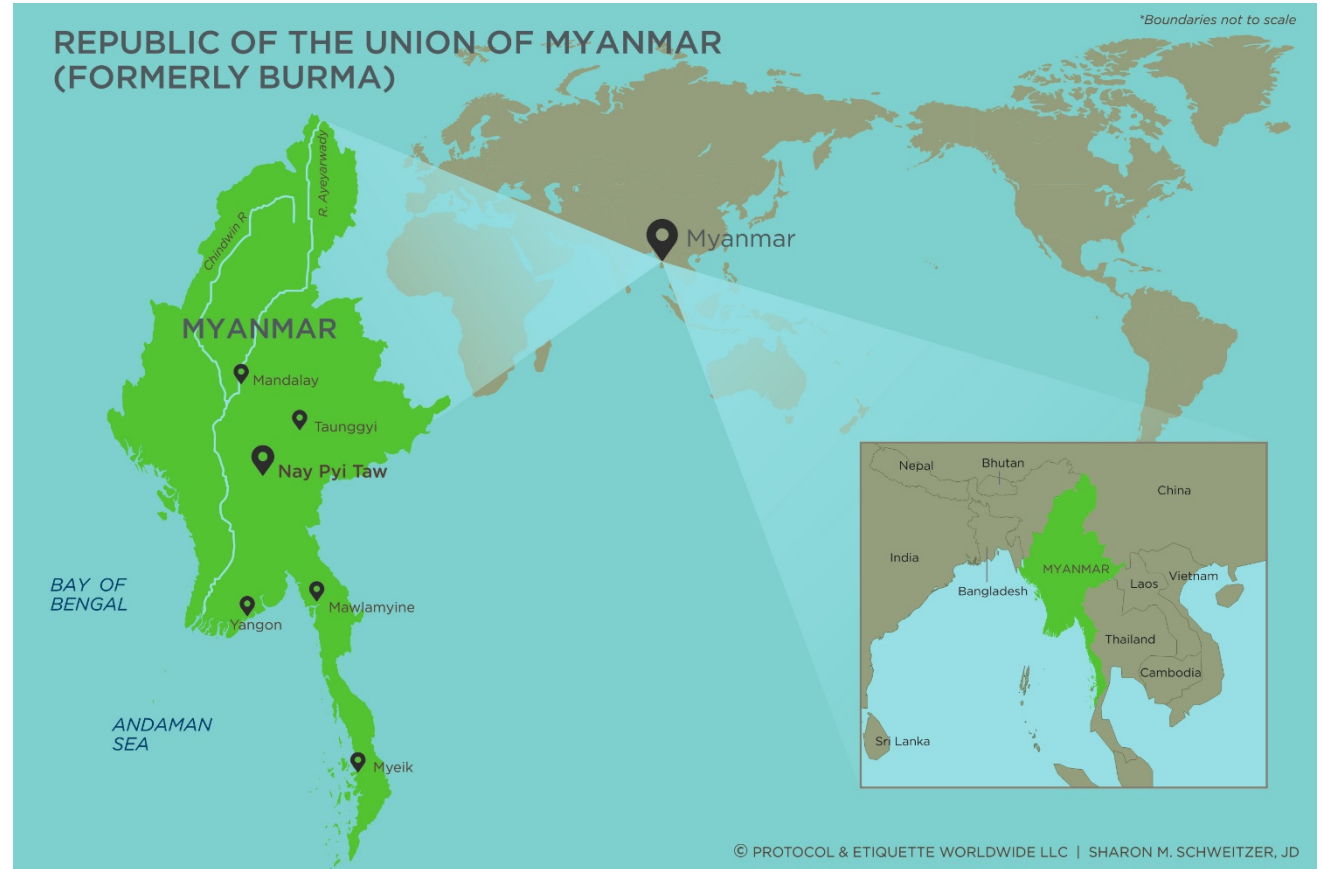
New President Elected March 15th → Htin Kyaw

- First Civilian president after 50+ years of military rule.
- Military is still the main presiding authority for parts of the government.



# Area & Population

- Myanmar is 676,577 sq km.  
(261,228 sq mi.)
- Largest nation of Mainland Southeast Asia.
- Population: 53.44 million
  - Controversy after 2014 Census
  - New results scheduled to be released end of May 2016





# Geography of Myanmar



- The majority of the Myanmar live near the Irrawaddy River delta.
- 7 States: Chin, Kachin, Kayin, Kayah, Mon, Rakhine and Shan.

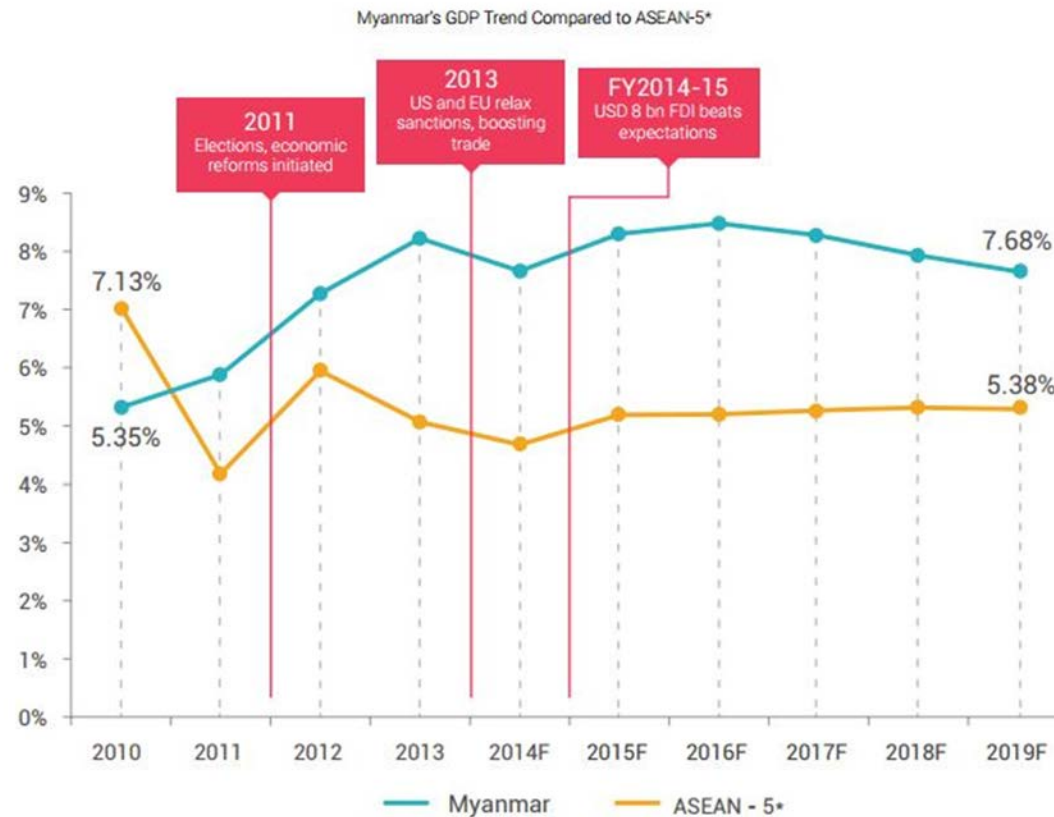


# Market Size

- ASEAN Member
- 7th largest of 10 ASEAN countries
- Agriculture (30% of GDP), Service Industry (40%), and Industry (30%)
- Other major facets of the market: transportation, manufacturing, construction and processing.



# Myanmar & ASEAN Growth



Note: \* ASEAN - 5 includes Indonesia, Malaysia, Philippines, Thailand, Vietnam

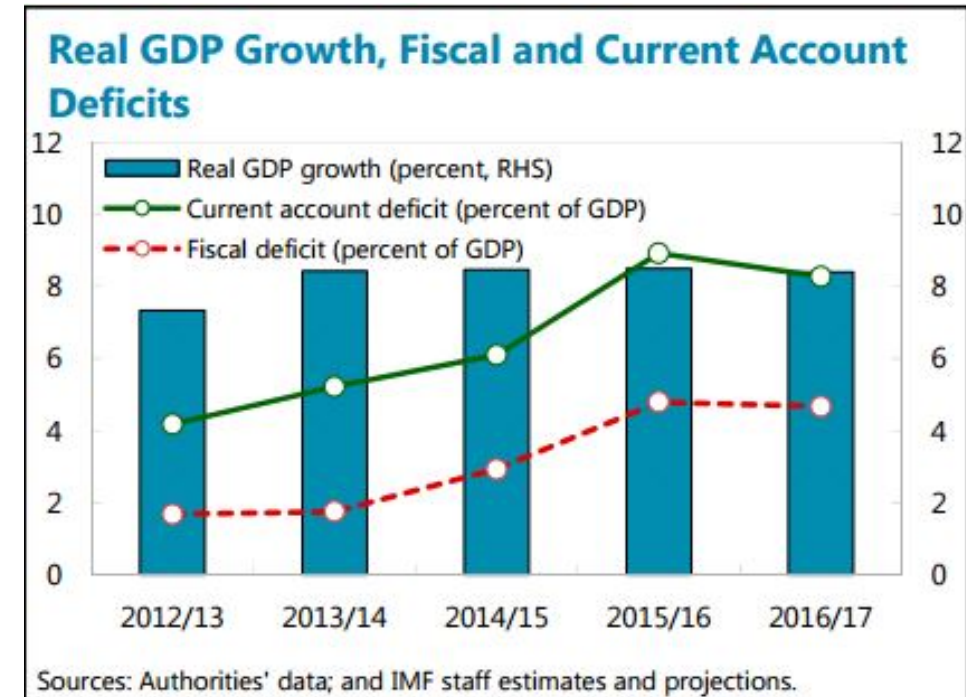
Source: International Monetary Fund (IMF), World Bank, Directorate of Investment and Company Administration (DICA) Myanmar, Solidiance Analysis

PROTOCOL & *Etiquette*  
— WORLDWIDE —

SHARON SCHWEITZER, J.D.

# Market Growth

- With increased economic reforms and increased FDI influx, market growth has increased and is expected to grow by 8.5% in 2016.<sup>10</sup>

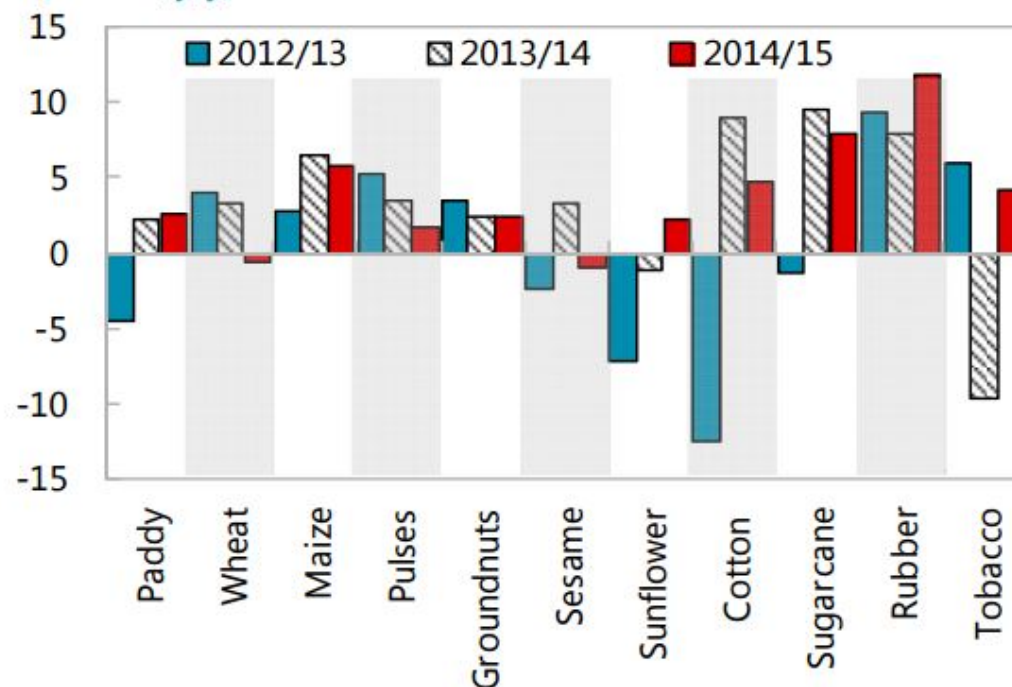


# Agricultural Growth

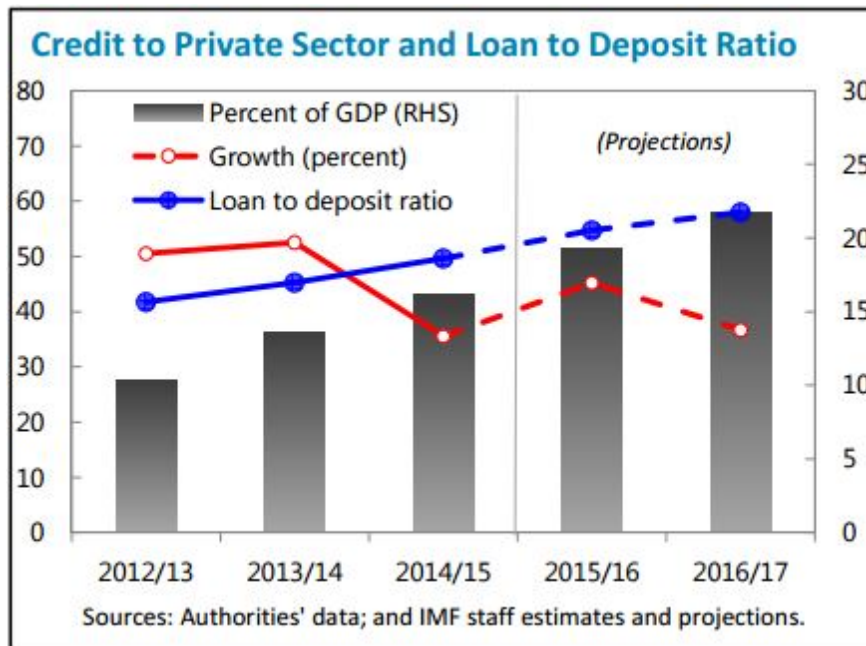
*Agriculture grew again this year but at a slower pace than the previous year.*

## Principal Agricultural Crops

(Percent, y/y)



# Credit Growth



- Inflation expected to rise
- Current Deficit to widen
- Strong Credit growth

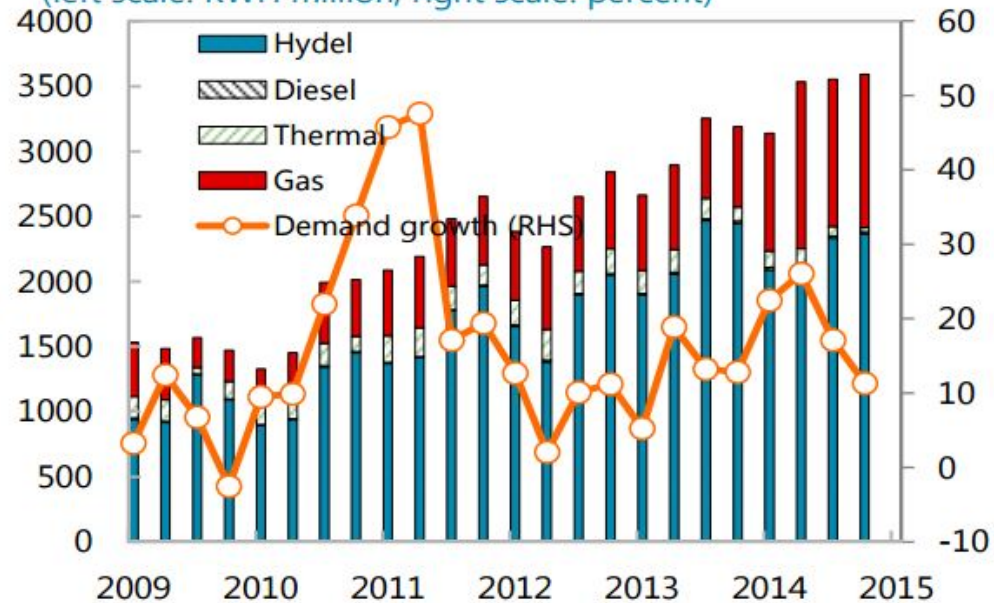


# Electricity Supply by Source and Demand Growth

*Electricity supply has been growing strongly and supporting industrial activities ...*

## Electricity Supply by Source and Demand Growth

(left scale: KWH million, right scale: percent)



Sources: Authorities' data; CEIC Data; and IMF staff calculations.

PROTOCOL & *Etiquette*  
WORLDWIDE

SHARON SCHWEITZER, J.D.

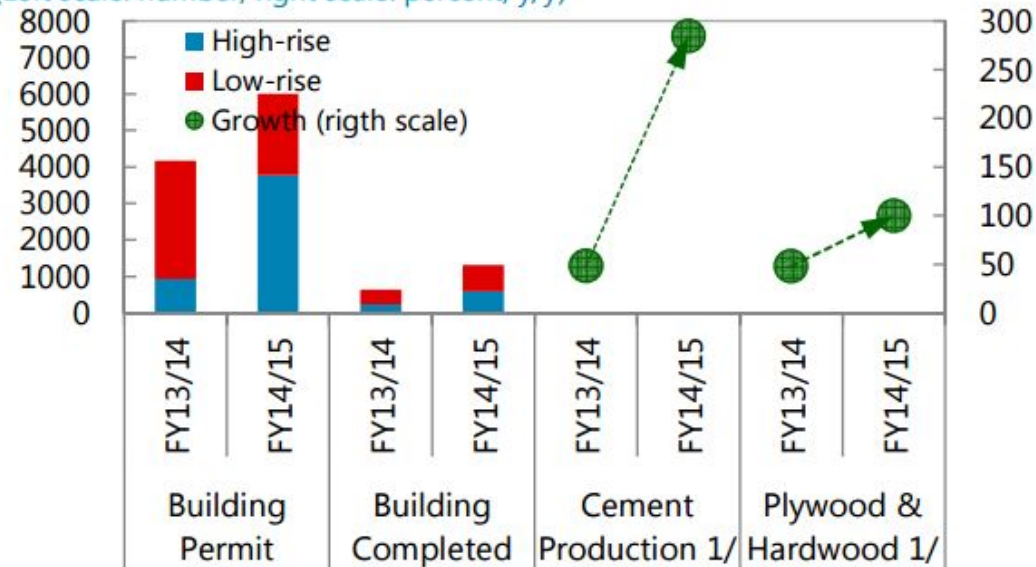


# Construction Growth

*Construction has been growing strongly. The number of buildings completed more than doubled last year, supported by production of construction materials.*

## Construction Activities

(Left scale: number, right scale: percent, y/y)



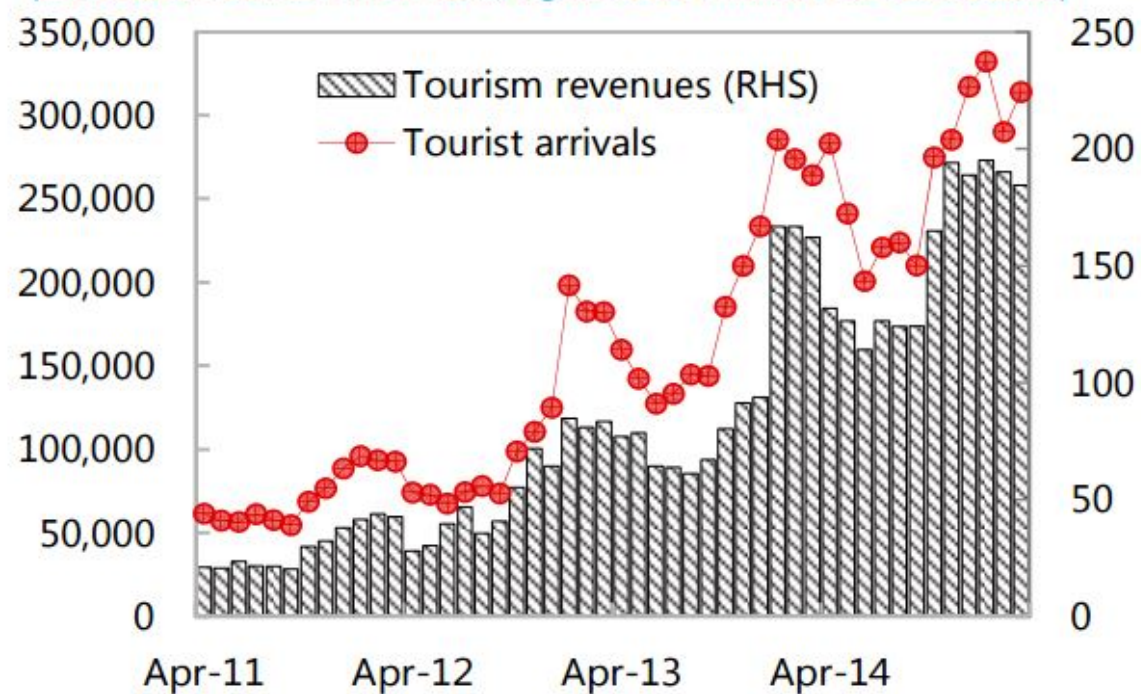
1/ Based on activities by private enterprises.

# Tourism Growth

*... and a surge in tourist arrivals has contributed to strong growth in the service sector.*

## Tourist Arrivals and Tourism Receipts

(left scale: number in arrivals, right scale: millions of U.S. dollars)

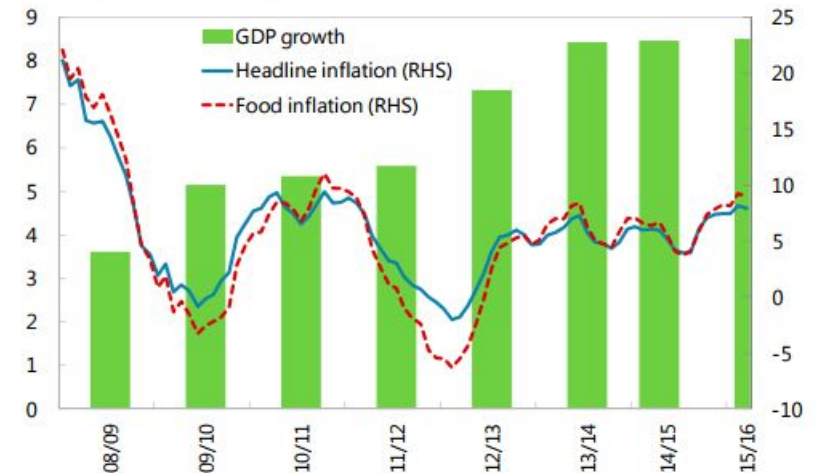


# GDP Per Capita

- The Myanmar currency, the Kyat (MMK) is 0.00072 of 1 Euro.<sup>20</sup>
- GDP per capita: \$1,203.8 (USD) per capita.

*Growth remains strong, driven by manufacturing activities, construction and telecommunication services ...*

**Growth and Inflation**  
(Year-on-year percent change)

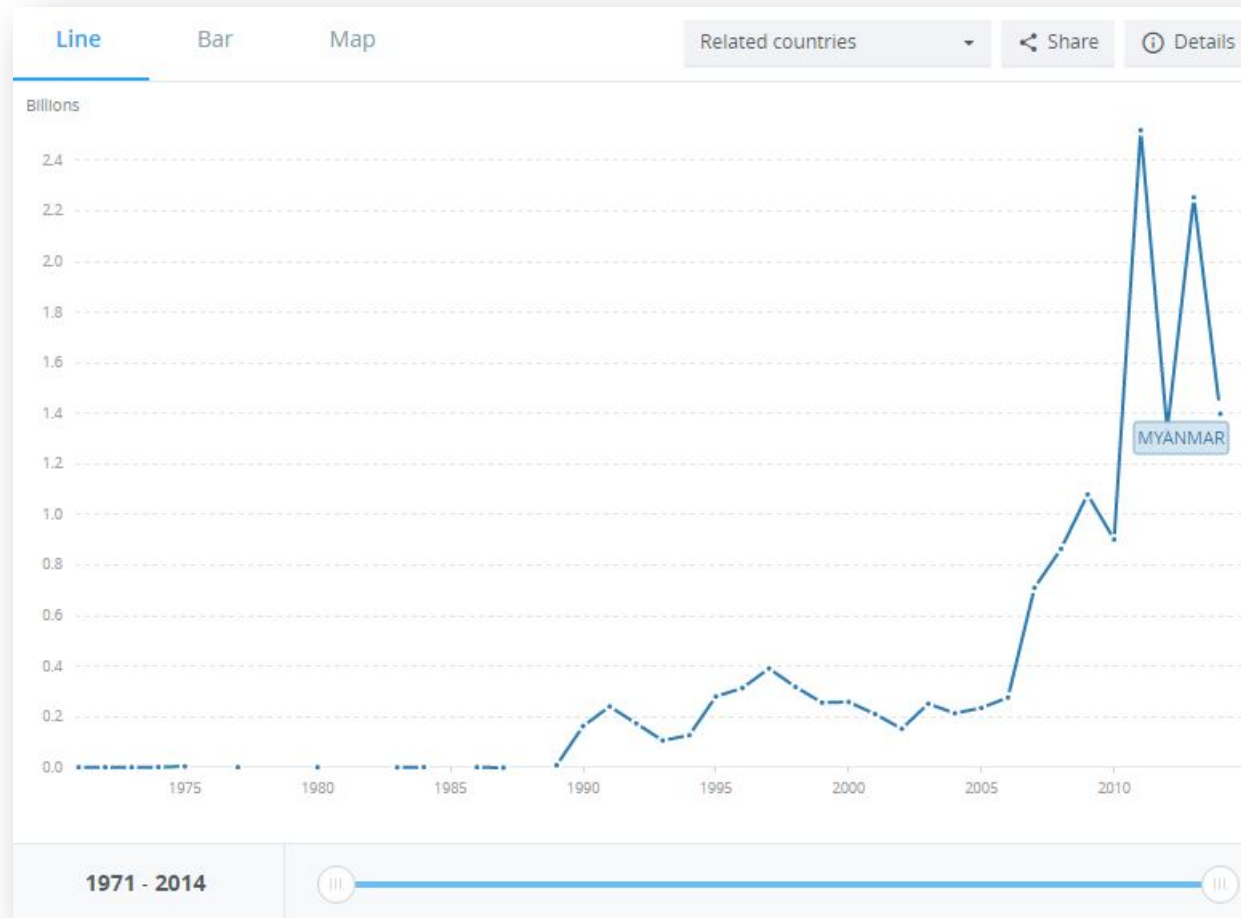


# FDI

## Foreign Direct Investment

- FDI increased by 268.325 USD million in July 2015
- All time high of 2443.39 USD million in August 2014
- Most Foreign Direct Investment has been funded by China, Singapore, Thailand and Hong Kong.
- The Foreign Investment Law (2012), allows for 100% foreign ownership or joint venture for FDI.

# FDI Continued



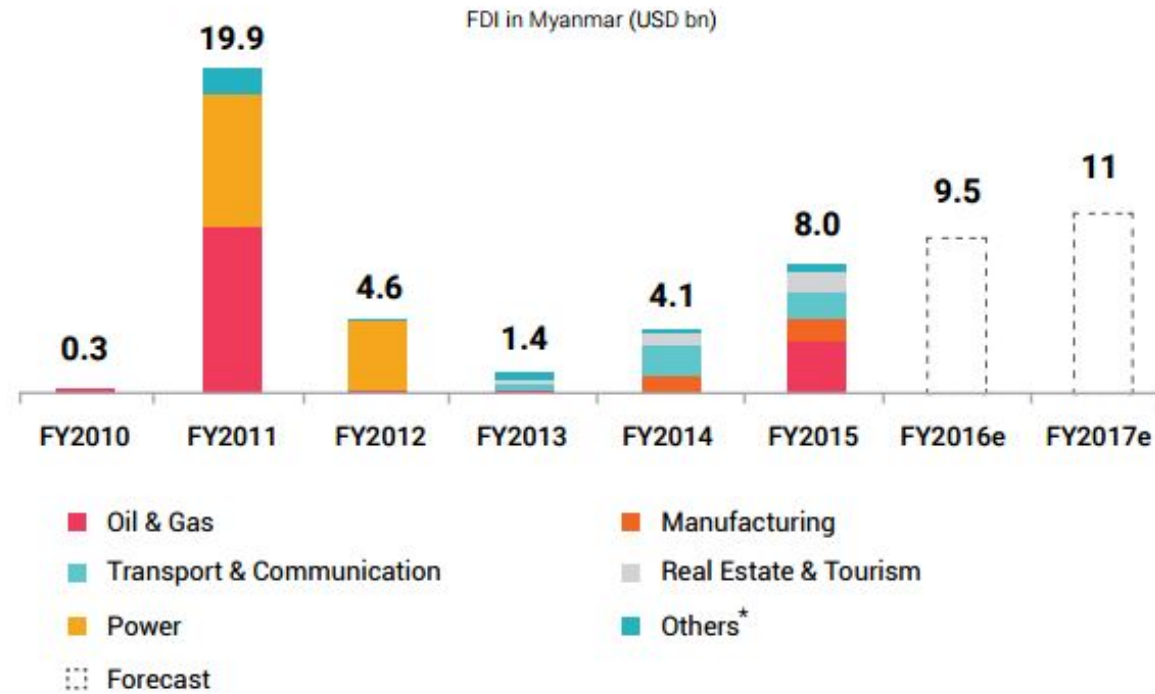
Foreign direct investment: net inflows (BoP, current US\$)  
The World Bank, 2016

Copyright © 2016 by Protocol & Etiquette Worldwide®

PROTOCOL & *Etiquette*  
— WORLDWIDE —

SHARON SCHWEITZER, J.D.

# FDI

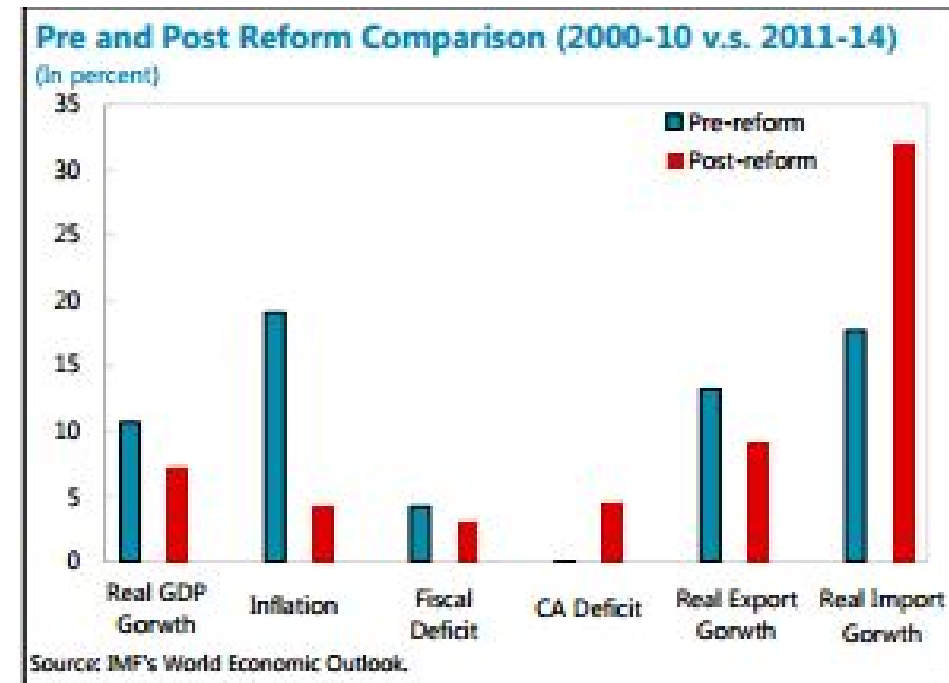


*Others\* include agriculture, livestock and fisheries, construction, mining and etc.*



# Exports and Imports

- Growth of 12% in exports (over 2015 Fiscal Year)
- 21 % imports increase

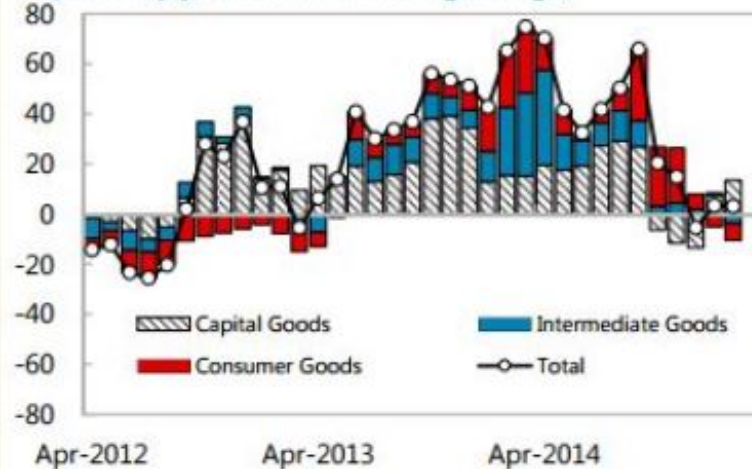


# Exports & Imports

Imports growth has been strong, but recent kyat depreciation is slowing the growth.

## Goods Imports 1/

(percent; y/y; three-month moving average)

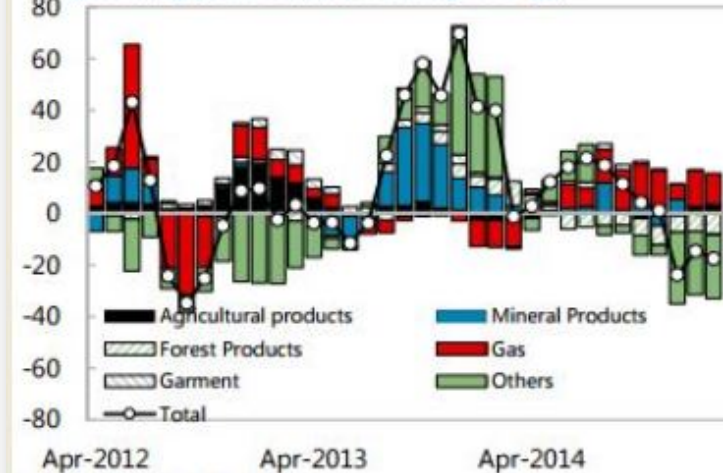


1/ Based on the U.S. dollar.

Drivers of exports growth have changed with two new gas fields coming on stream, an export ban on logs, and declines in re-exports ...

## Goods Exports 1/

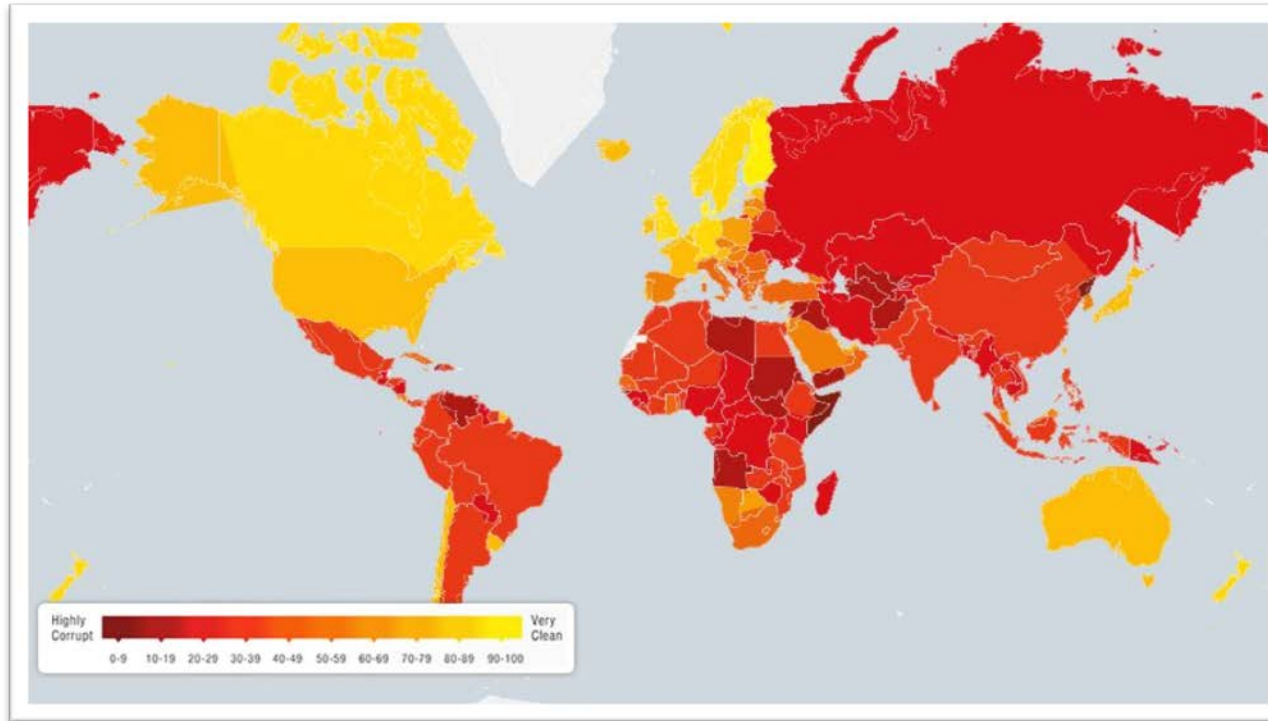
(percent; y/y; three-month moving average)



1/ Based on the U.S. dollar.

# Corruption Perception Index

- Ranked 147th least corrupt out of 168 countries and territories.



- Scored 22 out of 100 (Transparency International).

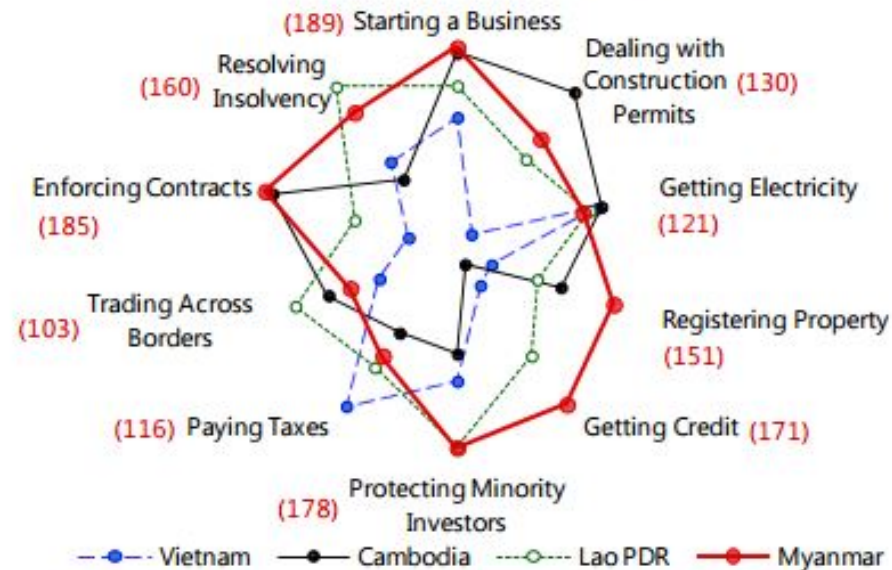
# Ease of Doing Business

## Ease of Doing Business: Overall Ranking and Its Components

### Overall Ranking 1/



### Doing Business by Topics 2/



1/ Economies are ranked on their ease of doing business, from 1–189. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate distance to frontier scores on 10 topics. These indicators should be interpreted with caution due to a limited number of respondents, a limited geographical coverage, and standardized assumptions on business constraints and information availability.

2/ The number in ( ) indicates Myanmar's ranking for each topic.  
Source: World Bank Doing Business (2015 Doing Business Report).

PROTOCOL & *Etiquette*  
WORLDWIDE

SHARON SCHWEITZER, J.D.

# Special Economic Zones

- Central Body for Myanmar Special Economic Zone has been solely responsible for FDI oversight.
- SEZ's = increase of Foreign investments.
- As of 2015, there are three SEZ's in Myanmar



## KYAUKPHYU SEZ

- Developed by China & Myanmar
- Deep sea port, industrial and estate area zones, strategically located between China and India
- International firms being reviewed for developing this 75 sq.km zone; expected to be announced by end of 2015
- Implementation scheduled in three phases, expected to finish by 2016, 2020 and 2025
- Expected to rival Singapore as a Petrochemical Hub with a USD 2.5 bn oil and gas pipeline supplying to China

## THILAWA SEZ

- Developed by Japan and Myanmar private and public sectors
- Deep sea port, industries mainly manufacturing, construction materials and garment over 24 sq km with 3-phases
- Timelines: 1st Phase - operational in Aug-2015; 2nd phase - end of 2016; 3rd phase - end 2018
- Japan is the main investor while firms from Korea, Thailand, Hong Kong and the US have also invested

	KYAUKPHYU	THILAWA	DAWEI
Access to Cities	No access to major cities	~20km away from Yangon	~300km away from Bangkok*
Vessel Size (up to)	300,000 DWT	20,000 DWT	300,000 DWT
Port Attraction			

## DAWEI SEZ

- Developed by Thailand and Myanmar with support from Japan
- Deep sea port, multiple industrial zones and shipyard covering a total of 196 sq.km with the future largest industrial zone in SEA
- Suspended in 2013 due to financial hurdles faced by developer, Italian-Thai Co. To be re-initiated with a USD 1.7 bn deal for the first phase in August 2015
- Japan, South Korea, Thailand and China are potential investors

# Special Economic Zones

## Industrial Zones

## SEZ

### PROS

- It has been long established since 1990s and hence the procedures of doing businesses are already in place compared to SEZ – which is a new concept

- More generous incentives and longer lease
- More stable and better power supply and infrastructure
- The lease rate is more competitive (USD 75 per square feet for 50 years) than in industrial zones where the price swings subject to speculation

### CONS

- The electricity and power supply are not unified among different industrial zones
- Limited infrastructure

- Carries risk due to the fact that it is new concept which has not been tested
- As management is decentralized, there is risk of dependency on one single entity

Source: Solidiance Interviews and Analysis, Myanmar Investment Commission, Thilawa SEZ Management Committee

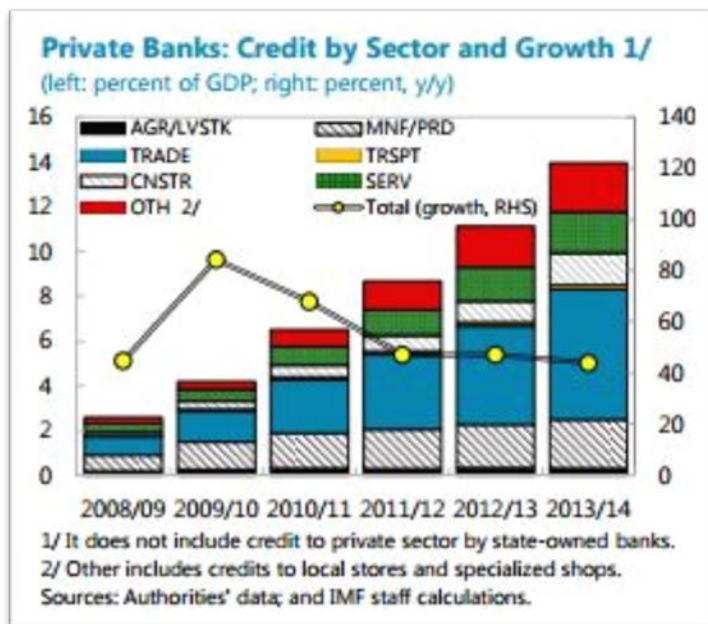
PROTOCOL & *Etiquette*  
WORLDWIDE

SHARON SCHWEITZER, J.D.



# Market Entry

- Privatization of previously state owned institutions → opportunity
- Specific areas: telecom, banks, public infrastructure, shipping and transport, oil and gas, natural resources, industrials, energy and healthcare.
- 2/3 of credit has been provided to trade, manufacturing, construction and agriculture



# Market Entry Continued

- Depending on the industry, current economic and political regulations, the mode of entry (joint venture, exporting, licensing etc) may be different.<sup>13</sup>
- Consulting services are available in Myanmar to ease this process. (Mita)
- Country specific resources may also help to enter market (JETRO Business Center)

# Market Entry Costs

## Basic policies of opening a business in Myanmar

Conduct a name check at the Company Registration Office (CRO) at the Directorate of Investment and Company Administration (DICA)	Kyat 1,000 (form fee)
* Obtain reference letter from the ward chief	no charge
Obtain criminal history from the township police station	no charge
Request business incorporation certificate	Kyat 5,100 (application fee)
Obtain signature of the directors before a lawyer or certified public accountant	Kyat 40,000 for witnessing the signature of the memorandum and articles of association
Payment of stamp duty and registration fees	Kyat 1 million (registration fees) + Kyat 60,000 (stamp duty)
Open Bank Account	no charge
Obtain certificate of incorporation	paid as part of company incorporation fees
Submit certification of registration documents (CRD)	no charge
Obtain a seal or a rubber stamp	Kyat 2,000
Register for commercial tax	no charge

# Stumbling Blocks & Chances

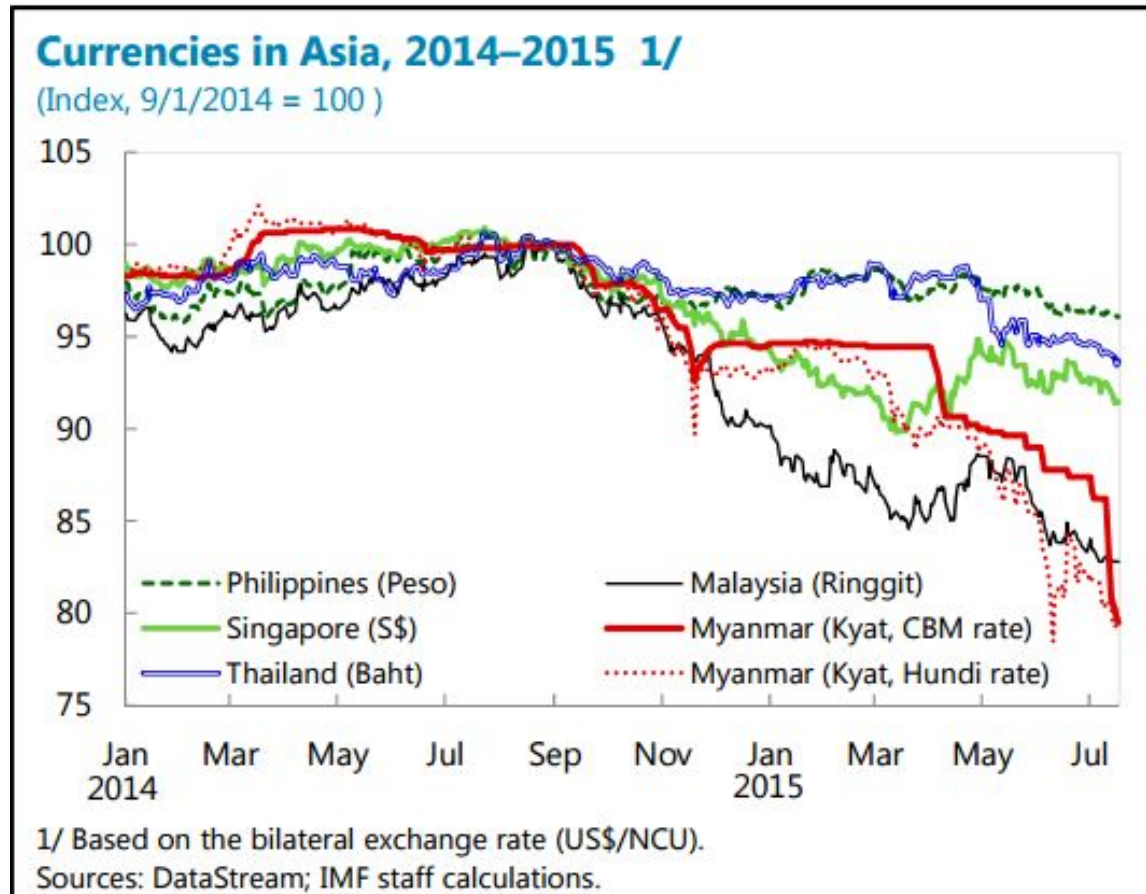
- Business people in Mandalay & Yangon speak English, (not commonly spoken outside of major cities)
- Chinese is spoken in Mandalay, Yangon, and major trade zones near the China-Myanmar border. Thai is widely spoken in major trade zones near the Thai-Myanmar border.

# More Stumbling Blocks & Chances Continued

- Infrastructure is key hurdle to overcome in long term success.
  - Road Transport
  - Rail Transport
  - Airline Cargo and Transport
  - Sea Trade & Transport
- The political situation of Myanmar has been turbulent and changing over the past decade.
  - Trickle down effects through the economic and political system changing have an effect on laws and regulations.

# Stumbling Blocks & Chances

- Kyat has depreciated significantly since 2014



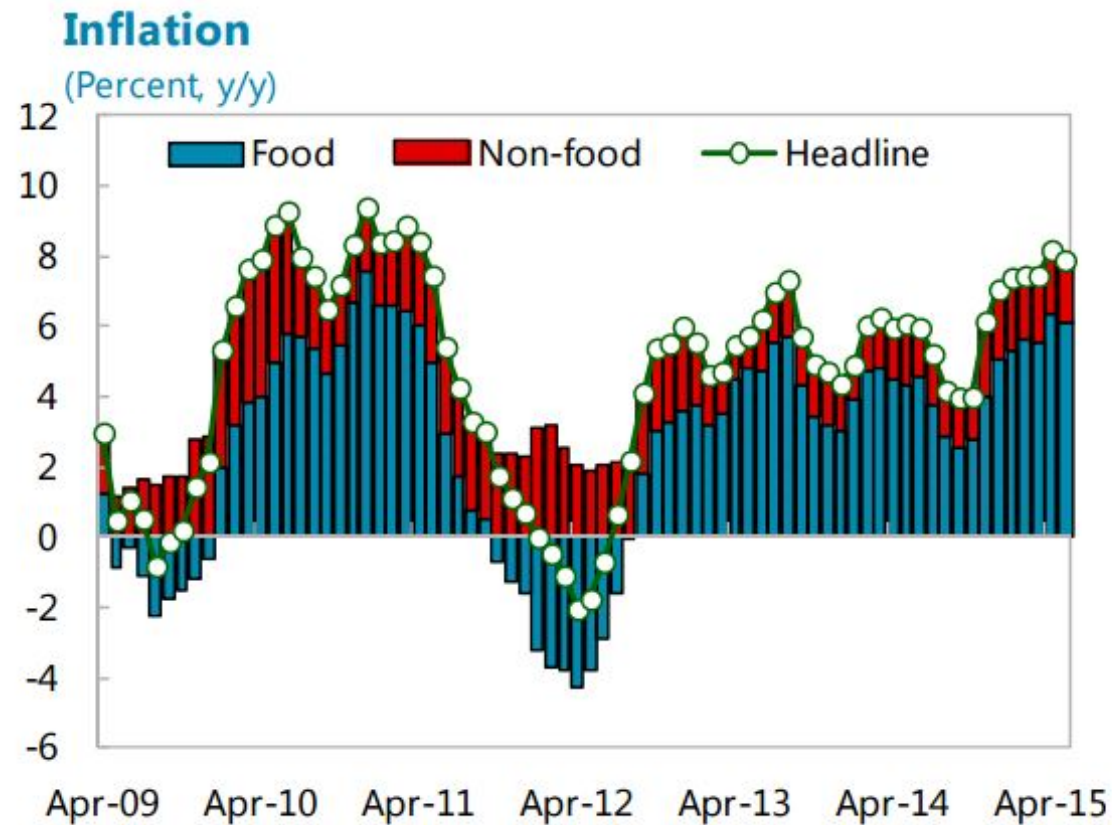
PROTOCOL & *Etiquette*  
WORLDWIDE

SHARON SCHWEITZER, J.D.



# Stumbling Blocks & Chances

*Inflation picked up recently, driven primarily by food price inflation ...*



# Legal Situation

- The legal situation, as with many aspects of Myanmar, is rapidly changing. Outdated laws are being updated, and the new parliamentary body is moving forward with the goal of implementing a coherent legal structure. Several Investment laws to be aware of moving forward are:<sup>14</sup>
  - Permanent Residence of a Foreigner Rules (2014)
  - Myanmar Special Economic Zones Law (2014)
  - Securities and Exchange Law (2013)
  - Myanmar Citizens Investment Law (2013)
  - Central Bank Law (2013)
  - Central Bank Law (2013)

# Laws Pertaining to Foreign Business

- Foreign Investment Rules (2013)
- Foreign Investment Law (2012)
- Law Amending The Commercial Tax Law (2011)
- Private Industrial Enterprises Law (1990)
- Financial Institutions of Myanmar Law (1990)
- State-owned Economic Enterprises Law (1989)
- Burma (Myanmar) Companies Act (1914)

# Support Networks & Facilities

- Healthcare
- Country Specific Resources
- General Business Resources
- Myanmar Business Forum
- The Business Resource Center
- Myanmar Center for Responsible Business
- ASEAN Up Business Empowerment
- Local Embassies
- (Links in Handout)

# Austrian Companies in Myanmar

## STARLINGER GmbH

Worldwide Leader in Special Packaging Machinery

## STATEC Binder

Packaging Machinery Specialist

## BAUER GmbH

Irrigation equipment

# Embassy

## Austria Embassy in Bangkok

14, Soi Nantham-Mozart, off Soi 1,  
Sathorn Tai Road

P.O Box 1155

10120

Bangkok, Thailand

Phone: +662-303-6257

+662-303-6258

Email: [Bangkok-ob@bmeia.gv.at](mailto:Bangkok-ob@bmeia.gv.at)

Website:

[www.aussenministerium.at/bangkok](http://www.aussenministerium.at/bangkok)



PROTOCOL & *Etiquette*  
— WORLDWIDE —

SHARON SCHWEITZER, J.D.



# Consulate

## Austria Consulate in Yangon

38G Myitzu Street, Parami Av.,  
Mayangone T/S

Yangon

Myanmar

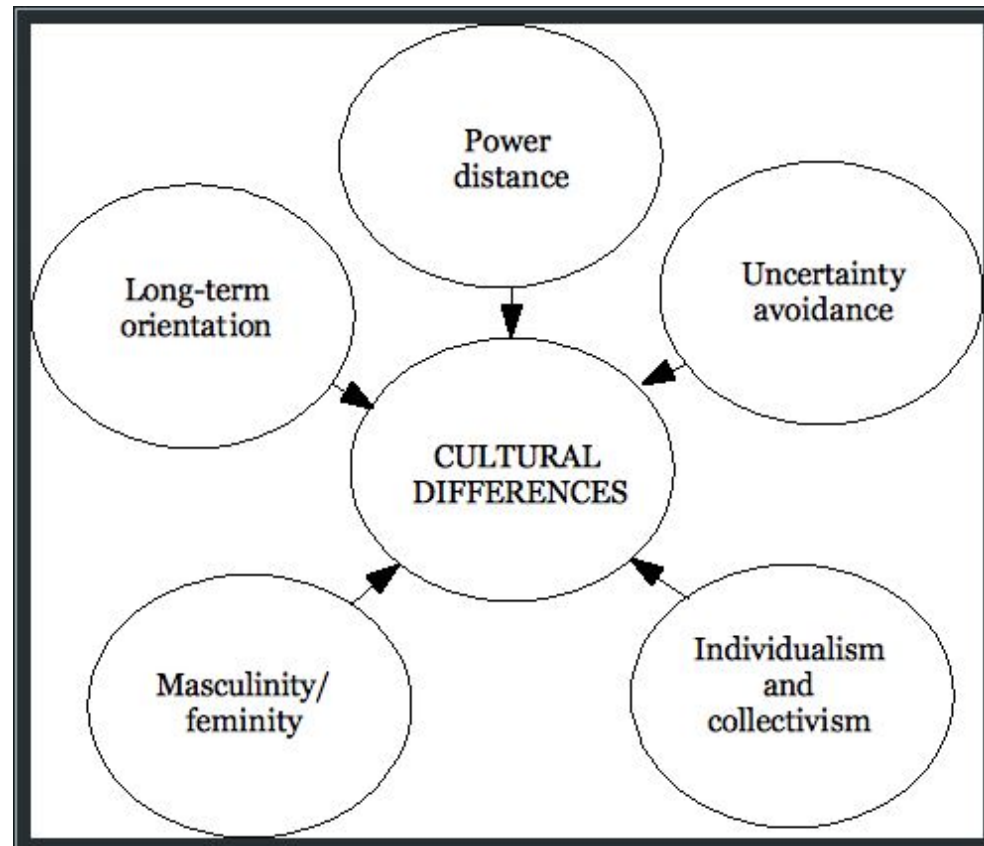
Phone: +951-664-386  
+951-664-756

Email:

morsbach@myanmarvineyard.com.mm



# Hofstede Dimensions



PROTOCOL & *Etiquette*  
— WORLDWIDE —

SHARON SCHWEITZER, J.D.

# Myanmar Culture

## Individualism

World Ranking	Country	Index
1	United States	91
3	Great Britain	89
4-6	Canada	80
<b>N/A*</b>	<b>Myanmar</b>	<b>51**</b>
33	India	48
35-37	Japan	46
54	Malaysia	26
55-56	Hong Kong	25
58-63	China	20
58-63	Singapore	20
58-63	Thailand	20
58-63	Vietnam	20
65	South Korea	18
66	Taiwan	17

# Myanmar Culture

## Power Distance

World Ranking	Country	Index
1-2	Malaysia	104
5	Philippines	94
12-14	China	80
15-16	Indonesia	78
17-18	India	77
19	Singapore	74
22-25	Vietnam	70
27-29	Hong Kong	68
34-36	Thailand	64
41-42	South Korea	60
43-44	Taiwan	58
49-50	Japan	54
59-61	United States	40
62	Canada	39
65-67	Great Britain	35
N/A*	Myanmar	26**

PROTOCOL & *Etiquette*  
— WORLDWIDE —

SHARON SCHWEITZER, J.D.

# Resources/References

1. "Myanmar (Burma) Facts", National Geographic Atlas of the World, <http://travel.nationalgeographic.com/travel/countries/myanmar-facts/> (accessed March 29, 2016)
2. "Burma Geography", World Atlas, <http://www.worldatlas.com/webimage/countrys/asia/burma/mmmland.htm#page>, (accessed March 28, 2016)
3. "Myanmar Economic Outlook", Focus Economics, <http://www.focus-economics.com/countries/myanmar>, (accessed March 28, 2016)
4. "Final census results set for 2016 release", Myanmar Times, <http://www.mmtimes.com/index.php/national-news/14776-final-census-results-set-for-2016-release.html>, (accessed March 28, 2016).
5. "Key Findings: Myanmar Economic Monitor, October 2015", World Bank, <http://www.worldbank.org/en/country/myanmar/publication/myanmar-economic-monitor-october-2015>, (accessed March 28, 2016)
6. "Corruption by Country", Transparency International, <http://www.transparency.org/country/#idx99>, (accessed March 28, 2016)
7. "Myanmar GDP per Capita", Trading Economics, <http://www.tradingeconomics.com/myanmar/gdp-per-capita>, (accessed March 29, 2016)
8. "GDP per capita (USD \$)", World Bank, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>, (accessed March 28, 2016)
9. "Myanmar Foreign Direct Investment", Trading Economics, <http://www.tradingeconomics.com/myanmar/foreign-direct-investment> (accessed March 28, 2016)
10. "Myanmar - Market Profile", HKTDC Research, <http://emerging-markets-research.hktdc.com/business-news/article/Asia/Myanmar-Market-Profile/mp/en/1/1X000000/1X09SI4E.htm>, (accessed March 29, 2016)

# Resources Continued

11. "Special Economic Zones in Myanmar", ASEAN Briefing, <http://www.aseanbriefing.com/news/2013/06/28/special-economic-zones-in-myanmar.html> (accessed March 29, 2016)
12. "Myanmar Market Entry: Time to invest or investigate", Solidiance, <http://www.slideshare.net/dduhamel/myanmar-industry-overview-market-assessment-challenges-ahead> (accessed March 29, 2016)
13. "Myanmar Investment Laws", Invest in Myanmar, <http://www.investinmyanmar.com/myanmar-investment-laws/> (accessed March 29, 2016)
14. "Myanmar Economy World's Fastest Growing in 2016", Myanmar - Business, <http://www.myanmar-business.org/2016/03/myanmar-economy-worlds-fastest-growing.html> (accessed March 29, 2016)
15. Sharon Schweitzer & Liz Alexander, *Access to Asia: Your Multicultural Guide to Building Trust, Inspiring Respect, and Creating Long-Lasting Business Relationships*, New Jersey: Wiley, 2015.
16. "XE Currency Charts (EUR/MMK)," XE, <http://www.xe.com/currencycharts/?from=EUR&to=MMK>, (accessed April 1, 2016)



# Business Resources

Assist Now Myanmar Services, Asian Assist Now

<http://www.asianassist-now.com/Assist-Now-Myanmar-services.htm>

Opening of JETRO Business Support Center in Yangon, Myanmar, JETRO,

[https://www.jetro.go.jp/en/jetro/topics/1209\\_topics1.html](https://www.jetro.go.jp/en/jetro/topics/1209_topics1.html)

Myanmar Business Resource, ASEAN UP

<http://aseanup.com/category/myanmar-business-resources>

Invest in Myanmar, Market Research & Strategy, Mita,

<https://mitaservices.com.sg/services/myanmar-emerging-market/entry-strategy-due-diligence-consultants/>

# PROTOCOL & *Etiquette*

## WORLDWIDE

SHARON SCHWEITZER, J.D.

# THANK YOU



[www.sharonschweitzer.com](http://www.sharonschweitzer.com)



[facebook.com/protocolww](https://facebook.com/protocolww)



[twitter@austinprotocol](https://twitter.com/austinprotocol)



[sharon@protocolww.com](mailto:sharon@protocolww.com)

