



COUNTRY PROFILE

REPUBLIC OF THE UNION OF MYANMAR



REPUBLIC OF THE UNION OF MYANMAR – Basic Facts



Languages



Capital

Naypyidaw, population
924,608

(Department of Population, Myanmar)



Political system

Unitary parliamentary
constitutional republic



GDP

Nominal GDP
\$ 66 billion

GDP per person
\$ 1,245
(IMF 2020)

GDP growth rate
6.8% in 2019
(CIA World Factbook 2020)



Population
54,045,000
(UNDESA 2019)



Urbanisation

Urban population
31.1%
of total population
(2020)

Rate of urbanisation:
1.74%
annual rate of change
(2015-20 est.)

www.indexmundi.com



Age structure

0-14
years

25.97%



7,524,869 | 7,173,333

15-24
years

17%



4,852,122 | 4,769,412

25-54
years

42.76%



11,861,971 | 12,337,482

55-64
years

8.22%



2,179,616 | 2,472,681

65
years
and over

6.04%



1,489,807 | 1,928,778

www.indexmundi.com (2020 est.)



Number of registered SMEs and numbers employed in relation to the total number of registered companies

A simplified definition of SMEs was introduced in the Small and Medium Enterprise Law (the Pyidaungsu Hluttaw Law No. 23, 2015) and differentiates businesses depending on their industrial or service sector.

Size of company	Sector	No. of employees	Capital (Kyats in Million)	Turn-over (Kyats in Million)	
Small	Manufacturing sector	Up to 50	Up to 500		
	Labour intensive manufacturing sector	Up to 300	Up to 500		
	Wholesale Business	Up to 30		Up to 100	
	Retail Business	Up to 30		Up to 50	
	Servicing Business	Up to 30		Up to 100	
	Except from above Business	Up to 30		Up to 50	
	Medium	Manufacturing sector	51-300	500-1000	
		Labour intensive manufacturing sector	301-600	500-1000	
		Wholesale Business	31-60		100-300
		Retail Business	31-60		50-100
Servicing Business		31-100		100-200	
Except from above Business		31-60		50-100	

Source: Small and Medium Enterprise Law (the Pyidaungsu Hluttaw Law) 2015 - Central Department of SME Development

There are serious issues with information on the number of SMEs in Myanmar. A number of reports, including the OECD Multi-dimensional Country Review of Myanmar (OECD, 2013) indicate around 127,000 formally registered companies in Myanmar, of which 721 are considered to be large, with the remainder (99.4%) small or medium. These figures are however based on companies registered with the Ministry of Industry (e.g., manufacturing companies located in the industrial zones, ca. 45,000), and with the Ministry of Tourism (1,600 licensed tour guide companies and 43,000 hotels and accommodation providers). The overwhelming majority of SMEs are not registered, and most estimates are that there are around 750,000 active companies in Myanmar. There are currently no statistics for the contribution to employment and the best estimates are between 52-97% of total employment (ERIA, 2014).



Overview



Myanmar, bordering Bangladesh, China, India, Lao PDR and Thailand, Indian is a rapidly emerging market. The landslide victory by the National League for Democracy (NLD) in the November 2015 election was a major step forward after decades of military rule, and the following year, the United States lifted sanctions on the country. The country was undergoing major reforms to improve economic development and to promote a better investment and trade climate, including legislation such as the Foreign Investment Law, New Companies Law and the opening of the Myanmar Stock Exchange. Combined with Myanmar's considerable natural resources, there are many opportunities for long-term trade and business opening up. At the same time, Myanmar has a number of institutional problems including a very weak rule of law, which has no independence from the state, poor enforceability of IPR and a lack of transparency on business regulations.

However, 2020 brought not only the COVID-19 pandemic, but also the general election in November, which resulted in an increased mandate for the National League for Democracy party. In February 2021, the military Tatmadaw council, declared the election invalid and took power again, resulting in condemnation from many international governments, and expressions of concern from ASEAN, EU and UN. The ensuing domestic protests and military clampdown has led to an almost total cessation of international trade, and closed communications. The situation is still ongoing in April 2021, which is having severe effects on trade opportunities in the country.



Opportunities and challenges

The rate of change within Myanmar has been fast and the country has grown dramatically with some economists expecting the country's GDP to quadruple by 2030. The current crisis in 2021 is expected to slow this considerably, although no up-to-date statistics are available in April 2021.

As Myanmar is an agricultural region, there are good long-term opportunities within **agriculture**, where the government is trying to encourage transformation to a more productive and sustainable agricultural economy. This requires investments in new, modern agricultural tools, better fertilisers and insecticides, better quality seeds, improvements in irrigation, warehousing, packaging, and canning. It also requires significant changes including establishment of training on modern farming, construction and funding of research facilities and demonstration farms. Within aquaculture and fisheries, there is a similar need for improvements in research and training facilities, as well as opportunities to invest in new fishing boats and equipment, aquaculture production sites, new processing plants, including cold-storage, packaging, and improvement of value-added.

After years of low investment, there are now many good opportunities within repair and provision of **construction, infrastructure, and power supply**. The government has opened infrastructural projects under Build-Operate-Transfer (BOT) and other PPP agreements including in the railway and highway sector, and is actively looking for investors for infrastructural improvement projects. This includes ports, airports, logistics infrastructure and retrofitting of industrial parks. The government has concrete plans to ensure full electrification of the country by 2030, which includes construction of hydro and gas-fired power stations, renovation and extension of power lines, solar farms etc., servicing both urban centres and rural areas. While transport and power contracts are often mostly suited to larger companies, there are many opportunities for SMEs providing technologies, installation services, plant hire, hoardings, scaffolding, safety equipment, and so on.

Within the private market, there is a demand for **modern housing**, particularly in urban areas to cope with the increased population and rising middle-class. This brings opportunities for SMEs to provide all construction productions, furniture, inventory, as well as more indirectly, opportunities within urban transport systems, recreation facilities, hospitals and health centres, private education, waste treatment, water supply and treatment and other urban requirements.

There are also considerable opportunities in selling to the fast-growing **manufacturing** industries in Myanmar providing machinery and equipment to the agro-processing industries, equipment for garment and shoe production, toys and stationery, construction equipment and materials, woodworking machinery and equipment used in the extractive industries including minerals, oil and gas.

Although the country is growing quickly after many years of isolation, Myanmar still faces a number of challenges. Overall, the physical infrastructure is weak, with a poor road system, only 40% of which is tarmacked and suitable for transport of goods. Figures from the Asian Development Bank show that investment of US\$ 120 billion needs to be invested into roads, railways, bridges, and airports. Foreign investment has been channelled into the oil and gas, power generation and telecom sectors, but little into manufacturing, which could raise the standard of living for normal Burmese citizens. Banking systems are in their early stages and three quarters of the population has no access to financial services, living in a cash economy. The judicial system is weak and influenced by the government, with little enforcement of IP rights and inexperienced with commercial litigation. Access to accurate information within the business and legal sector is also a problem.

Summary



With access to considerable natural resources, a population of 53 million and borders with India and China, as well as Thailand, Lao PDR and Bangladesh, Myanmar has growth potential. The government has focused on development of three special economic zones and promoting foreign investment and the World Bank expects growth of over 6% over the next years, albeit from a low baseline. The five decades of isolation means that the country is open to a wide range of products and services from other ASEAN regions. The 2021 military intervention has however, raised considerable uncertainty about Myanmar's future development and direction, and exporters are strongly advised to proceed with caution.

Further information and assistance can be obtained from:

- The Union of Myanmar Federation of Chambers of Commerce and Industry runs a number of events to improve cross-border trade <https://www.umfcci.com.mm/>
- The Myanmar Trade Portal will help traders to find all the information regarding import goods into the country and export goods from Myanmar, including information related to import/export process, regulations for specific products, relevant laws and other useful information. <https://www.myanmartradeportal.gov.mm/en>
- The Directorate of Investment and Company Administration provides information on setting up a trading company in the country <https://www.dica.gov.mm/en/why-invest-myanmar>

Trade figures by country

● Largest import partner	● Trade value million USD (WITS 2016)	● Partner share %
China	5,560	33.35
Thailand	3,057	18.34
Japan	1,388	8.32
India	574	3.44
Hong Kong	567	3.40

● Largest export partner	● Trade value million USD (WITS 2016)	● Partner share %
China	6,223	36.17
Singapore	3,692	19.08
Thailand	2,595	13.41
India	990	5.12
Indonesia	936	4.84

Trade figures by product

● Largest exports by 6-digit HS code	● Value USD (thousands) WITS 2018
271111 Natural gas, liquefied	2,419,180.28
710310 Prec. or semi-prec. stones (o/t diamonds)	892,148.02
740311 Copper cathodes and sections of cathodes	828,082.16
271121 Natural gas in gaseous state	812,517.57
100620 Husked (brown) rice	718,277.32

● Largest imports by 6-digit HS code	● Value USD (thousands) WITS 2018
271000 Petroleum oils, etc., (excl. crude); preparation	3,860,339.12
551449 Printed woven fabrics, <85% synthetic fibres	695,701.38
170199 Cane or beet sugar, in solid form	556,632.57
151620 Vegetable fats and oils and their fraction	547,752.00
300490 Other medicaments of mixed or unmixed products	358,990.16

Source: <https://wits.worldbank.org/CountryProfile/en/Country/Myanmar/Year/2018/Summary>

Import restrictions by country, e.g., quotas or non trade-barriers



The Department of Trade of the Ministry of Commerce has exercised its rights under these GATT provisions to prohibit the following products:

- Counterfeit currency and coins
- Pornographic material
- All kinds of narcotic drugs and psychotropic substances
- Playing cards
- Goods bearing the emblem of Buddha and pagodas of Myanmar
- Arms and ammunition
- Antiques and archeologically valuable items
- Wildlife endangered species
- Other prohibited commodities in accord with existing law

Myanmar has a number of national restrictions or requirements on imports and exports of many food products, seeds, plants, pesticides, fertilisers, foreign films, x-ray machines, ultrasound equipment, satellite communication equipment, forestry equipment and products made from alabaster, mother of pearl etc. More detailed information can be found on the Myanmar Trade Portal website on:

<https://www.myanmartradeportal.gov.mm/en/guide-to-import>

Product and Trade indexes

(efficiency of customs clearance, openness to trade and trade tariffs)



The ASEAN Trade in Goods Agreement (ATIGA) was signed by the Economic Ministers of the Governments of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam, Member States of the Association of Southeast Asian Nations (ASEAN) on 26 February 2009 at Cha-am, Thailand. From 1st January 2010, Malaysia, Brunei Darussalam, Indonesia, the Philippines, Singapore and Thailand) made a complete free trade area and have eliminated import duties on 99 per cent of products in the Inclusion List (except for products listed in the Sensitive and Highly Sensitive Lists). Today, the ASEAN-6 have 99.20% of tariff lines in the Inclusion List at 0% import duty. This means that, only 0.35 per cent of the tariff lines in the Inclusion list incur import duties.

Form D is required in order to benefit from ATIGA preferential tariffs: [download here](#).
More information can be obtained from the Myanmar Trade Portal.

Full information can be found on <https://www.myanmartradeportal.gov.mm/en/rules-of-origin>

On April 23, 2019, the ASEAN Trade in Services Agreement (ATISA) was signed at the 25th ASEAN Economic Ministers Meeting in Phuket, Thailand, entering into effect 180 days later. It aims at achieving an improvement of the regulatory standards for the services sector in the region, as well as a reduction of unnecessary barriers to the trade in services within ASEAN, and at increasing regulatory transparency in each of the ten member states. The agreement does not commit to a fixed timetable for implementation and enforcement. More information can be found on [here](#).



Business dynamism index

(financing to SMEs, costs of starting a business, time of starting a business)

January 2020 figures from the World Bank show that Myanmar is ranked 165 among 190 economies in the ease of doing business, although the country has improved its score by almost 7.5% from the year before. The country is in the process however of improving the ease of setting up a business, obtaining construction permits, registering property and enforcement of contracts, so further improvements are expected in 2021.

According to figures from Transparency International in their 2019 Corruption Perceptions Index, Myanmar is the 130 least corrupt nation out of 175 countries. The country is not ranked in the recent editions of the Global Competitiveness Report published by the World Economic Forum, although in previous years, placed 131st out of 140 countries.

Setting up a company is relatively simple, taking on average seven days and placing Myanmar in the middle of the World Bank list with a placing of 70 out of 190. Since the establishment of the online system, the process has been streamlined considerably:

- The company must be registered using Form A-1 via the MyCO online system.
- A seal must be made via a local sealmaker – the seal is not mandatory for the company, but is required for all bank transactions still.
- The company should register for a Tax Identification Number at the local tax office.
- Register for commercial tax, similar to VAT at the Township Internal Revenue Department Office,
- Registration of employees at the local township labour office.
- Registration with the Social Security Board for social security benefits for companies with five or more employees.

A full list of the procedures can be seen [here](#).