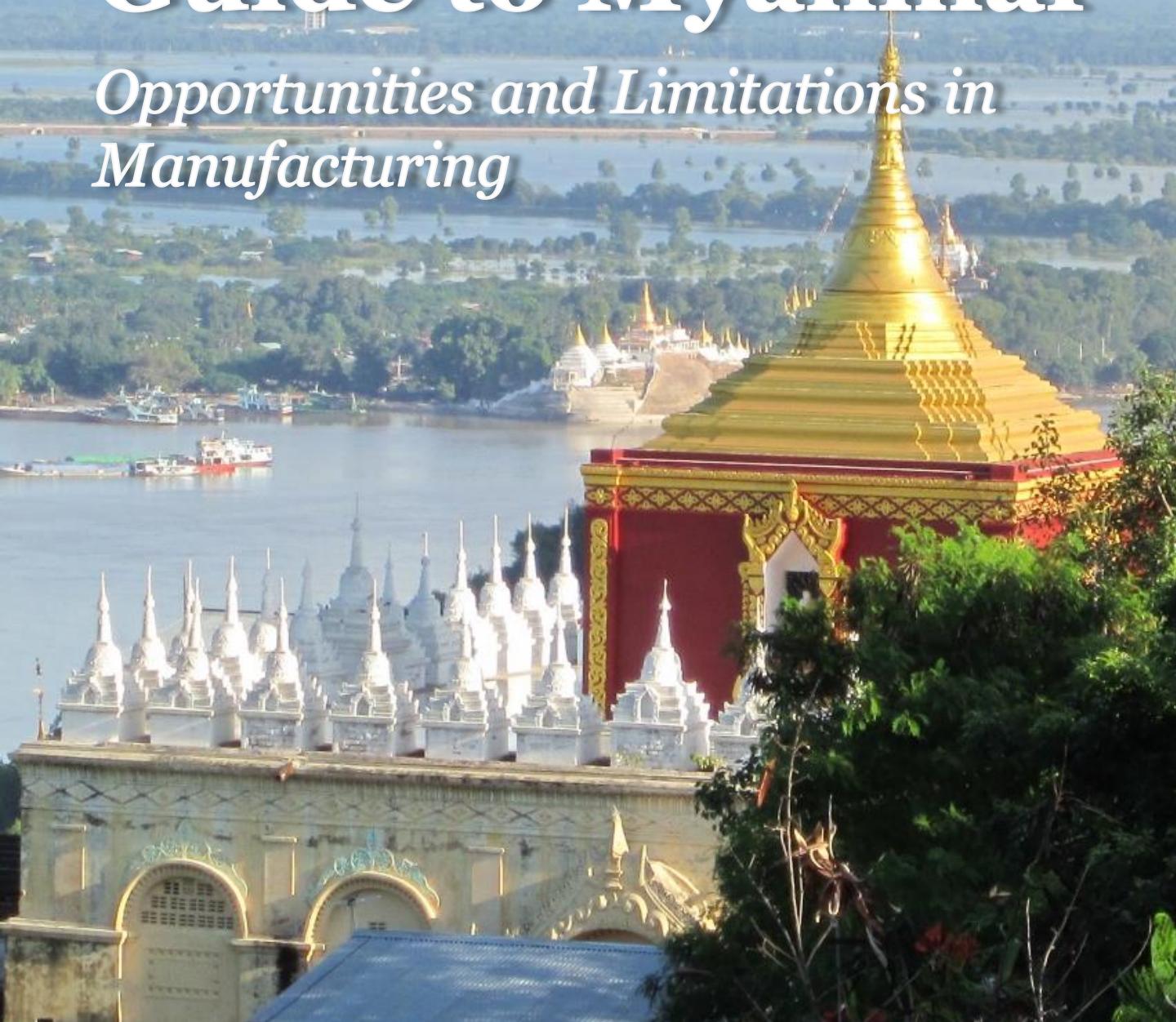


Guide to Myanmar

*Opportunities and Limitations in
Manufacturing*



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Disclaimer

This material is prepared and intended for general information and reference purposes only. It does not cover exhaustively the subject it treats, but is intended to answer some of the important broad questions that may arise. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations, and to obtain appropriate professional advice. The information contained here is current at the date of publishing and may change over time, and no representation, expressed or implied, is made as to its accuracy, completeness or correctness.

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1. Overview of Myanmar

Executive Summary

After more than 50 years of military domination, Myanmar is going through a process of political transition towards democracy. The country is also opening up to international trade by implementing liberalising policies, such as the new Myanmar Companies Law.

The country has not signed any bilateral free trade agreements but has established Bilateral Investment Treaties with 12 countries in Asia Pacific, North America and the Middle East. As part of the Association of Southeast Asian Nations (ASEAN). Myanmar also benefits from six multilateral trade agreements with Mainland China, South Korea, Japan, India, Australia, and New Zealand.

Despite the 2015 democratic general elections, Myanmar's political situation remains under the influence of the military. In 2018, the United Nations (UN) accused the Myanmar government of carrying out an ethnical cleansing against Rohingya Muslims, which has fuelled a state of political instability.



1. Overview of Myanmar

I. Country Profile^{1,2,3,4,5,6,7}

Myanmar is a lower-middle income country with strong economic growth. Myanmar's gross domestic product (GDP) is expected to grow at a 6.6% rate between 2020 and 2021, driven by government policies intending to attract domestic and foreign investments. In 2018, the country relied on increasing domestic trade and developing telecommunications sector to offset the slowing growth in transportation, construction, and manufacturing sectors. To attract investments, the government is implementing liberalising policies (i.e. the new Myanmar Companies Law) which open up economic sectors such as wholesale, retail, insurance and banking. However, international scandals, such as the United Nations (UN) accusing Myanmar of genocide against Rohingya Muslims, threaten the country's future economic growth.



GDP (in USD)

70.9 bn (2019f)
68.3 bn (2018)



GDP Per Capita (in USD)

1,305 (2019f)
1,268 (2018)



Economic Structure

(in terms of GDP composition, 2017)
Agriculture: 24.1%
Industry: 35.6%
Services: 40.3%



External Trade (% of GDP)

Import: 28.0% (2017)
Export: 20.0% (2017)



Population

54.34 million (2019)
World ranking: 26/191



Median Age

28.5 (2018)
World ranking: 136/228 (from oldest to youngest)



Language

Burmese (official)



English Literacy

Very low proficiency (2018),
World ranking: 82/88



Government Structure

Constitutional republic



Land Area

650,080 sq. km

II. Country Profile on Trade

A. International Trade Agreements and Restrictions⁸

International trade agreements benefit the economies of the participating countries. For example, it may allow two or more companies or countries to trade goods with eliminated or decreased tariffs which enhances economic growth on both sides. As part of its strategy to participate in international trade and attract foreign investments, Myanmar joined the World Trade Organization (WTO) in 1995 and the ASEAN in 1997.

Currently, Myanmar only has seven signed and effective collective trade agreements (including the ASEAN Free Trade Area). As a member of the ASEAN, Myanmar benefits from agreements signed between the association and other countries. Therefore, the country has effective FTAs with Mainland China (2005), South Korea (2007), Japan (2008), India (2010), Australia, and New Zealand (2010). In addition, the ASEAN-Hong Kong Free Trade Agreement came into effect in June 2019 (see section below).

Furthermore, the country signed Bilateral Investment Treaties (BITs) with 12 partners: the Philippines (1998), Vietnam (2000), Mainland China (2001), Laos (2003), Kuwait (2008), Thailand (2008), India (2008), Japan (2013), Indonesia (2013), United States of America (2013), South Korea (2014), and Israel (2014). These agreements are designed to promote and protect foreign investments (e.g. the right to establish a business or the right to exit). In addition, Myanmar is also in the process of negotiating two major free trade agreements: the Regional Comprehensive Economic Partnership (RCEP) and the Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation (BIMSTEC).

The Regional Comprehensive Economic Partnership (RCEP)⁹

This partnership is being negotiated between the ASEAN members and their FTA partners (i.e. Mainland China, South Korea, Japan, India, Australia, and New Zealand). The RCEP is designed to be a mutually beneficial economic partnership that will foster cooperation and integration between the 16 countries. The agreement aims to lower tariffs and other barriers to promote trade between the partners.

The Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation (BIMSTEC)¹⁰

The BIMSTEC is an organisation created in 1997 with seven members: Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar, and Thailand. It has a population of around 1.5 billion people and represents a total GDP of USD 2.7 trillion. Originally focusing on fostering cooperation in just six different sectors, the BIMSTEC now covers 14 different sectors, namely: trade, technology, energy, transport, agriculture, fisheries, environment, climate changes, poverty alleviation, public health, tourism, culture, people-to-people contact, and counter-terrorism. In order to further enhance this economic cooperation, participating countries are currently negotiating a free trade agreement designed to lower tariffs.

The Association of Southeast Asian Nations (ASEAN)

The ASEAN was founded in 1967 and currently has 10 members. The five founding members are Indonesia, Singapore, Malaysia, the Philippines, and Thailand. The remaining five countries joined in subsequent years: Brunei in 1984, Vietnam in 1995, Laos in 1997, Myanmar in 1997, and Cambodia in 1999.



The Association's Three Major Goals:

- Acceleration of economic growth, social progress and cultural development in the region;
- Promotion of regional peace and stability in Southeast Asia; and
- Foster cooperation and mutual assistance in economic, social, cultural, technical, scientific and educational fields.

The ASEAN Free Trade Area (AFTA)

In 1992, ASEAN countries decided to strengthen this comprehensive cooperation by implementing the AFTA. The main objective of the AFTA is to increase the region's economic competitive advantage through trade liberalisation and the elimination of tariffs and non-tariff barriers among the ASEAN members.

The Common Effective Preferential Tariff (CEPT) Agreement for AFTA reduces the tariff rates on a wide range of products within the region to 0-5%. In addition, restrictions on quantity traded and other non-tariff barriers are eliminated.

The CEPT covers all manufactured products, including capital goods and processed agricultural products, and those falling outside the definition of agricultural products. Agricultural products are excluded from the CEPT Scheme (further details on www.asean.org).

There are only three situations where a product can be excluded from the CEPT Scheme:

- General Exceptions: a member may exclude a product considered necessary for the protection of its national security, the protection of public moral, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic or archaeological value;
- Temporary Exclusions: a member which is temporarily not ready to include certain sensitive products (i.e. rice) in the CEPT Scheme may exclude such products on a temporary basis; and
- Unprocessed agricultural goods.

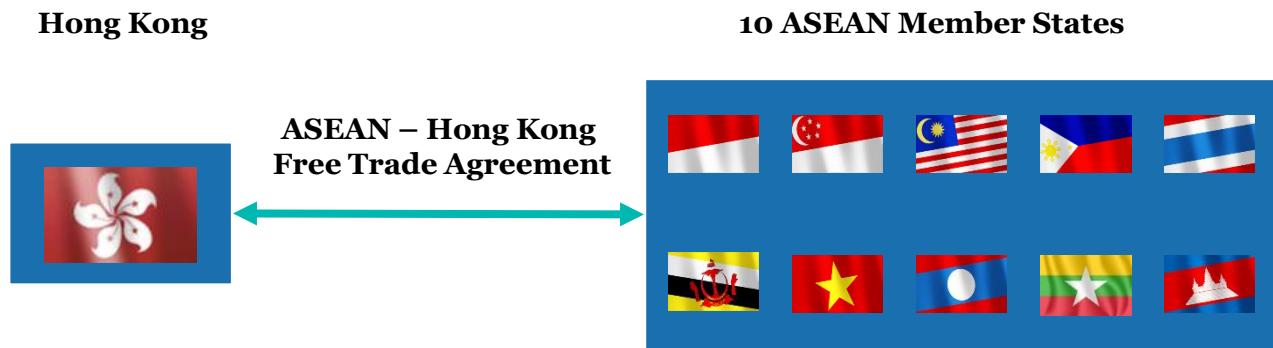
International Trade Agreement between Hong Kong and the ASEAN¹⁰

Overview

Trade within the region has been booming since the removal of tariffs between the ASEAN member states in 2015.

Hong Kong and the ASEAN announced the conclusion of negotiations on their Free Trade Agreements in September 2017 and forged agreements on 12 November 2017. Member states agreed to progressively cut down or eliminate custom duties on goods originating from Hong Kong. The agreements are comprehensive in scope and cover trade of goods and services, investments, economic and technical cooperation, dispute settlement, and other relevant areas.

The ASEAN was Hong Kong's second largest merchandise trade partner in 2018 with a total value of HKD 1.1 trillion (around 12% of the total trade value).



Entry

Free Trade Agreement: 11 June 2019

Investment Agreement: 17 June 2019

Both for the parts relating to Hong Kong and Laos, Myanmar, Singapore, Thailand, and Vietnam. The dates of entry for the remaining five countries have not been announced yet.

| Affected Major Industries | Other Affected Industries |
|---|---|
| The tariff reduction commitments cover different kinds of major Hong Kong export commodities, such as (non-exhaustive): | <ul style="list-style-type: none">• Food and Beverages• Chemicals• Pharmaceutical• Metals• Plastics & Rubber• Footwear• Machinery and Mechanical Appliances |
|  Jewellery |  Watches and Clocks |
|  Apparel and Clothing Accessories |  Toys |

B. Government Structure¹²

Under the 2008 constitution, Myanmar is a constitutional republic with a multiple party democratic system. However, the military junta is still an important power in the country's political landscape.

- The president is elected by the national assembly as head of the state for a five-year term. With the approval of the national assembly, he appoints the cabinet (government) and together they share the executive power.
- The legislative power is held by the national assembly composed of two chambers: the House of Nationalities (Amyotha Hluttaw, the upper house) and the House of Representatives (Pyithu Hluttaw, the lower house). In both houses, 25% of the seats are reserved for the army while the rest of the representatives are directly elected.
- The judiciary power is held by the Supreme Court, as well as the state and district level courts. The Supreme Court's chief of justice and judges are nominated and appointed by the president with the approval of the lower house.

C. Political Uncertainties and Historical Coup Records^{13,14,15,16}

Myanmar's political situation is regarded as highly unstable. The country was ranked 168th out of 195 countries in the World Bank's Political Stability Index. Myanmar has been ruled by a military junta for the past 50 years. This dominance ended in November 2015 with a general election won by the party under the leadership of Aung San Suu Kyi, the National League for Democracy (NLD). The party won majority of the seats in both chambers, thereby taking control of the national assembly, earning the power to select the president and create a government independent from the military. Myanmar's current president is Mr. Win Myint, a close aid of Aung San Suu Kyi. His role is being viewed as mainly ceremonial as in practice Aung San Suu Kyi gives the strategic direction (but cannot be elected as president due to a restrictive constitution law). The next general election will take place in 2020.

Prior to 2015, only two elections took place in the country's history, however both of them were flawed.

- The first national election took place in 1990, which saw the victory of the NLD. However, the results were annulled/voided by the military government, which kept its power.
- In 2010, a civilian party, the Union Solidarity and Development Party (USDP) won more than 75% of the national assembly's seat. However, this newly formed party was actually a political vehicle for many of Myanmar's military leaders to get elected. Therefore, the election was largely boycotted and allegations of fraud by the military government were made.

Myanmar is also facing a humanitarian crisis which could adversely affect its trade relationship with international partners. Since 2016, the military has been leading a security operation against Rohingya Muslims living in Rakhine State (in the west of the country). In 2018, the UN accused Myanmar's military of genocide as they found evidence that they were "killing indiscriminately, gang-raping women, assaulting children and burning entire villages". According to the UN, the operation led to around 700,000 people leaving the country and crossing the border to take shelter in Bangladesh. In response to this crime against humanity, countries such as Canada, the US, and the EU are planning economic sanctions against Myanmar.

1. Overview of Myanmar

Source:

¹ *The World Bank, 2019*

² *Myanmar 10-Year Forecasts, Fitch Solutions, 2019*

³ *The World Factbook, CIA*

⁴ *Imports of Goods and Services (% of GDP), Exports of Goods and Services (% of GDP), The World Bank*

⁵ *Myanmar population, Worldometers 2019*

⁶ *EF English Proficiency Index, EF Education First*

⁷ *Geography Statistics Of Myanmar, Worldatlas*

⁸ *Investment Agreements, Directorate of Investment and Company Administration*

⁹ *Regional Comprehensive Economic Partnership, ASEAN*

¹⁰ *About BIMSTEC, BIMSTEC Homepage*

¹¹ *The Government of Hong Kong Special Administrative Region – Trade and Industry Department, Press Release 2019*

¹² *Myanmar Political Structure, The Economist Intelligence Unit*

¹³ *World Bank, Political Stability And Absence Of Violence/Terrorism*

¹⁴ *Myanmar's 2015 landmark elections explained, BBC News, 2015*

¹⁵ *Win Myint elected new Myanmar president, BBC News 2018*

¹⁶ *Myanmar's military accused of genocide in damning UN report, The Guardian, 2018*

2. Legal Environment and Competition Law

Executive Summary

Myanmar enacted a new investment law in 2016 which is a positive signal that the country is putting effort in encouraging foreign investments.

Mainland China and Hong Kong companies can choose to set up different types of business entities in Myanmar, amongst others, it is possible to set up a 100% foreign-owned enterprise such as a Limited Liability Company. In addition, foreign investors can set up a representative office to explore opportunities to expand their manufacturing footprint.

Myanmar has been liberalising import and export regulations, however, the vast majority of the products are still subject to licenses.



2. Legal Environment and Competition Law

Myanmar enacted the new Myanmar Investment Law (MIL) in 2016 which is a consolidation of the Myanmar Citizen Investment Law (2013) and the Myanmar Foreign Investment Law (2012). The MIL sends a positive signal that the country is eager to improve its business environment and to encourage foreign investments. Under the new MIL, 100% foreign-owned companies are generally allowed in most sectors. However, there are still limits and restrictions for foreign investors in different sectors (for more details please refer to section 8 of this report).

Myanmar's law only distinguishes between Myanmar and foreign companies and does not outline special laws for Mainland China or Hong Kong companies.

The Myanmar Investment Commission Lists Out Four Categories of Prohibited or Restricted Businesses (Notification No. 15/2017)¹



List 1

Investment Activities Allowed to be Carried Out Only by the Government

Examples:

- Air traffic services;
- Administration of electric power system; and
- Manufacturing of products for security and defence.



List 2

List of Economic Activities to be Allowed Only in the Form of Joint Venture with Myanmar Citizens

Examples:

- Manufacturing of various types of food and beverage;
- Manufacturing and domestic marketing of plastic wares, enamelware, cutlery, crockery of all kinds; and
- Packaging.



List 3

List of Economic Activities Permitted with Recommendations of the Relevant Ministry and Required Joint Venture with Citizens

Examples:

- Private hospital, clinic, diagnostic services and manufacturing of traditional drugs;
- Broadcasting and FM radio programmes; and
- Production of seasoning powder.



List 4

List of Economic Activities Permitted with Other Conditions and Required Joint Venture

Examples:

- Importing, producing, constructing and installing of equipment, accessories and part of installations as for exploiting, producing and researching of oil and gas;
- Manufacturing of cigarettes; and
- Manufacture and maintenance of locomotives, carriages, wagons and spare parts.

I. *Types of Legal Business Entities Available for Foreign Investment^{1,2,3,4,5,6,7,8}*

As in most countries, there are several different main structures available for an investor from Mainland China or Hong Kong to expand a manufacturing footprint or a business in Myanmar. The general legislation governing the different business forms is the Myanmar Companies Law 2017 (MCL) that came into force in August 2018 and superseded the Myanmar Companies Act 1914 (MCA). The Directorate of Investment and Company Administration (DICA) administers the MCL and is also the registrar. Under the new law, 100% foreign-owned factories and companies are generally allowed in many sectors. In addition, the simple procedures and minimum capital requirements provided to expand a business are advantageous to many foreign investors, particularly those in the service sector.

Some main forms of doing business or relocating a factory to Myanmar include:

1. Limited Liability Company (LLC);
2. Branch office;
3. Representative office; and
4. Joint Venture (JV).

In addition to these four business types, it is possible to set up a partnership, companies limited by guarantee, unlimited companies or business associations. However, all those types are very rare and therefore will not be discussed in detail. Further information can be found at DICA's official portal (www.dica.gov.mm).

Limited Liability Company (LLC)

LLCs can be 100% foreign owned, however, there are certain industries that are generally restricted for foreign investors as they are carried out by the government only (for further information please refer to section 8 of this report). Under the new Myanmar Companies Law 2017, a foreigner can hold up to 35% of a Myanmar Company without changing the classification to a Foreign Company. LLCs are the most common business type in Myanmar. Its liability can be limited to the amount of capital paid by its members.

A foreigner who wants to expand a business to Myanmar requires a minimum capital of USD 50,000 for service companies and USD 150,000 for other foreign companies. LLCs in Myanmar can be either private or public.

Private Company Limited by Shares

Under this company type, the liability of each member is limited to the amount unpaid (if any) on the shares held by that member. It is a separate legal entity and is relatively straightforward to incorporate in Myanmar. A private company can be incorporated with a minimum of one shareholder and one director, whereas at least one director has to be a Myanmar resident. A wholly Myanmar-owned private LLC may be restricted from transferring shares to a foreign investor and may require approval from the corresponding authorities.

Public Company Limited by Shares

The main difference between a public and a private company is that a public company can also raise funds by offering shares to the public. Therefore, public companies are generally subject to more regulations and reporting requirements. A public company requires a minimum of three directors and at least one of them must be a Myanmar resident. Public companies are getting more popular in Myanmar, however, compared to other countries, the number of listed and traded companies is still very low: the Yangon Stock Exchange has just been set up in 2016 and as of February 2019, only five companies have been listed. In addition, the DICA released a list of 55 public companies whose shares can be traded over the counter.

Registration Process for a Private LLC

The registration process of a LLC is straightforward and can be done online on the official portal of the DICA's Myanmar Companies Online (MyCO) website since the commencement of the MCL 2017 (www.myco.dica.gov.mm). The registration can be summarised as follows:

1. Check availability of the company name through the DICA;
2. Obtain company registration forms from the DICA (not required if applicant decides to use the online portal) and pay stamp duty;
3. Submit signed company registration documents to the DICA. Required information include (non-exhaustive):
 - Particulars on the shareholders and confirmation whether more than 35% of the share will be held by foreigners;
 - Details of the directors and secretaries;
 - Registered office address;
 - Details about the capital structure and the types of shares being issued;
 - Memorandum of Association;
 - Certificate of translation (if any);
 - Statement of company objectives and undertaking not to conduct trading.
4. Pay registration fee of MMK 500,000 (around USD 325);
5. Obtain temporary registration and permit to trade (if desired);
6. Transfer minimum capital and submit other documents if required; and
7. Obtain permanent incorporation certificate and permit issued by the DICA.

Upon registration of the company, applicants also have to register with the Ministry of Labour and with the Social Security Board. In addition, companies have to register for commercial tax.

Setting up a private LLC in Myanmar usually takes between 12 to 14 weeks.

Registration Process for a Public LLC

The process is very similar to the one of the private LLC. However, after obtaining the Incorporation Certificate, a public company has to prepare and obtain a Business Commencement License, which includes amongst other the following steps:

- Confirm registered office address (within one month of registration);
- Publish newspaper advertisements;
- Prepare company prospectus and submit to the Securities and Exchange Commission of Myanmar (SECM) for approval;
- Open bank account; and
- Prepare documents for initial share issue.

These documents have to be submitted to the DICA together with the SECM's approval in order to obtain the Business Commencement Certificate. In addition, a minimum deposit of MMK 50 million (around USD 32,500) is required. It usually takes around 14 weeks to set up a public company in Myanmar.

Branch Office

Foreign companies can also establish a branch office, which only requires one shareholder. Branch offices are 100% owned by the head office and are not separate legal entities, therefore, the parent company is liable for the branch's liability. Non-Myanmar banks that receive banking licenses by the Central Bank of Myanmar can only operate through branches. Foreign companies seldom choose to establish a branch office as the corporate tax rate is higher than that for the LLCs. Registration procedures, fees, and amount of set-up time are similar to that for the LLCs.

Registration Process for a Branch Office

In addition to the information required for LLC registration, the applicant company has to submit the following documents in order to register a branch:

- Memorandum and Articles of Association of the parent company;
- Annual report or audited financial statements of parent company for the previous two years; and
- Appointment letter/power of attorney for authorised persons.

These documents have to be notarised and certified by the appropriate authorities of the resident country and by the Embassy of Myanmar in that country, e.g. in Mainland China or Hong Kong. The minimum capital required is USD 50,000 for service companies and USD 150,000 for other foreign companies. The set up time is usually around 12 weeks.

Representative Office

Representative offices can be used by foreign companies that wish to establish a presence in Myanmar without conducting business activities, i.e. without engaging in direct commercial or revenue generating activities. A Mainland China or Hong Kong company can choose to set up a representative office to collect information on investment opportunities (especially for insurances and banks but also for manufacturing companies), enhance trade relations, or promote export of goods and services. Same as the branch office, it is not a separate legal entity which means that the parent company is liable for the representative office's liabilities. A representative office also has to be registered with the DICA. Setting up a representative office takes on average 12 weeks.

Joint Venture

JVs are relatively common in Myanmar and often chosen by foreign investors that seek to conduct business in industries with limitations on the percentage of foreign ownership. In those industries, a minimum local ownership of 20% is normally required (e.g. manufacturing and marketing of food and beverage, packaging, chemical substances or lease of residential apartments). Therefore, at least one foreign and one local shareholder is required. JVs usually take the form of a private LLC, hence the establishment process is similar. However, if the government is part of the JV, the company is incorporated under the Special Companies Act 1950.

II. Overview on Other Business Laws and Regulations

A. Legal and Administrative Framework on Competition Law⁹

In early 2015, Myanmar passed the Competition Law 2015 (Pyidaungsu Hluttaw Law No. 9, 2015), which restricts competitive agreements and market abuse activities. The law entered into force in February 2017. Subsequently, the Myanmar Competition Commission was established in October 2018, which was an important step towards the active implementation of the law.

The law outlines general regulations and does not specify particular rules for Mainland China or Hong Kong businesses that want to expand their manufacturing footprint to Myanmar.

The law covers four main areas:

1. Acts restraining competition;
2. Acts which cause monopolisation of the market;
3. Acts considered as unfair trade practices; and
4. Merger control.

In addition, the law outlines penalty levels for infringements and sets the foundation for the implementation.

1. Acts Restraining Competition^{10,11}

The new law defines acts that reduce or hinder competition in the market in order to reduce dominant market power. The law includes amongst others the following prohibited activities:

- Fixing the price directly or indirectly in purchase price, selling price or other commercial situation;
- Collusion in tendering or auctioning;
- Abusing by taking advantage of dominance in the relevant market;
- Agreements to restrict competition in the market; and
- Restrictions on sharing of markets or resources, production, market acquisition, technology, and development of technology and investment.

As opposed to many other countries in the region, Myanmar's Competition Law does not differentiate between horizontal agreements between competitors, and vertical agreements between different companies along the supply chain (e.g. retailer and distributor). Nor did the law make a clear distinction between price fixing and the abuse of a dominant market position.

2. Acts Which Cause Monopolisation of the Market¹¹

The law also prohibits enterprises from causing monopolies, however, it does not define a monopoly but rather outlines prohibited acts which might lead to a monopoly:

- Controlling prices of goods and services;
- Limiting the availability of a particular good or service with the aim of controlling prices;
- Reducing the availability of goods or services or reducing the quality in order to decrease demand;
- Controlling and restraining the area where goods or services are traded in order to prevent other businesses from entering and controlling the market;
- Controlling or restricting the geographic market for sales to prevent other business from entering the market and controlling market shares; and
- Interfering in the operation of other businesses unfairly.

3. Acts Considered as Unfair Trade Practices¹¹

The law also deals with governing prohibited unfair trade practices, such as:

- Misleading customers;
- Disclosing business secrets and information;
- Interfering in the activities of other businesses;
- Advertisements and sales promotions for the purpose of unfair competition;
- Selling at lower than production cost and landed cost; and
- Abuse of business power and encouraging violations of business contracts with a third party.

It is expected that the Myanmar Competition Commission will provide more comprehensive guidance on the competition regulations as some restrictions actually appear to enhance competition when practiced in certain ways (e.g. it is prohibited to sell a good below its production cost, however, there is no guidance on the calculation of costs).

4. Merger Control¹²

The last main prohibited area is the collaboration among businesses if it leads to certain situations.

The collaborations include:

- Mergers;
- Consolidations;
- Purchasing or acquisition of other businesses by a business;
- Joint venture of businesses;
- Performing other means of collaboration among businesses specified by the Commission.

However, the collaborations are only prohibited if they lead to the following situations:

- Collaboration intended to raise extreme dominance in the market within a certain period;
- Collaboration intended to decrease competition for acquiring the market which is a sole or minority of businesses; and
- Collaboration leading to higher market share than those specified by the Commission.

Section 33 of the Competition Law 2015 states circumstances which may lead to exemptions:

- The business after collaboration is still a small and medium-sized enterprise (SME);
- One of the businesses involved is or is at risk of becoming bankrupt;
- The collaboration promotes export, technology or innovation.

Exemptions

The law lists different exemptions that might be granted by the Commission under certain circumstances: for example, if the act raises Myanmar's competitiveness internationally or improves the quality of goods and services through technological upgrade. However, it is not clearly stated in the law whether the exemption only applies specifically to "Acts on restraint of competition", or across the board. It is expected that the newly established Commission will provide more clarification and guidance.

B. Intellectual Property Protection Law on Trademarks^{8,13,14,15}

A trademark is generally defined as a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof, which indicates that a certain goods or services belong to the owner of the trademark. The law outlines general regulations and does not specify particular rules for Mainland China or Hong Kong companies.

The Union Parliament of Myanmar has passed the Myanmar Trademark Law in January 2019 which is a positive sign for enhancing business in the country. However, the law will only become effective after a notification has been issued by the President of Myanmar which is still pending. So far, there is no statutory law on trademarks, which would mean very little protection. Also, there is no trademark registration legislation; the only option is to register a trademark under the Registration Act 1908.

Myanmar plans to establish the Myanmar Intellectual Property Office (MIPO) under the Ministry of Commerce to administer the trademark registration when the law enters into force. The MIPO would also be responsible for handling the examination and opposition proceedings. Trademarks that are registered under the old system will also have to be filed again, once the authorities and systems are set up. The registration will be available in both English and Burmese. After applying for registration, the law establishes a statutory publication period of 60 days to file oppositions. According to the law, penalties for infringement can range up to three-year imprisonment and a fine of MMK 5 million.

There are still various uncertainties about the execution of the law and the registration process, as it was only passed recently and has not been implemented yet.

C. Import/Export Regulations and Licenses^{16,17}

Myanmar has been liberalising its import and export landscape, which brings new opportunities for international trade. Also, import and export business has become easier and more profitable in Myanmar. Importing and exporting goods are regulated by the Sea Customs Act (1878), the Land Customs Act (1924), the Export Import Law (2012), and the Tariff Law (1992).

All companies from Mainland China and Hong Kong have to register with various authorities to engage in the import and export businesses in Myanmar:



The majority of imported and exported goods in Myanmar require a license, e.g. importing different types of food requires a license from the Food and Drug Administration. The entire list can be found on the Myanmar National Trade Portal (www.myanmartradeportal.gov.mm/en/guide-to-import). In addition to the import license, further documentation (such as bill of lading, packing list, invoice or the cargo release order) or special permissions from certain ministries may be required. Similar requirements and licenses are required if a company wants to export goods from Myanmar. Details can be found on the Myanmar National Trade Portal (www.myanmartradeportal.gov.mm/en/guide-to-export).

D. Jurisdiction System on Business Related Matters^{18,19,20}

The Myanmar legal system is based on the English common law and customary law. However, according to the World Economic Forum 2015/16, companies face a high risk of political interference and corruption in Myanmar's judicial sector as the judiciary branch is not independent from the executive branch. In addition, there is no special commercial court handling business-related disputes. Civil, criminal as well as business disputes are governed under the 2008 Constitution and handled in different court levels with defined duties and powers:

- The Supreme Court is the highest instance and it has both appellate and revision powers. It supervises all other courts and also has the power to hear cases as the first instance.
- The High Courts of the Region or State act below the Supreme Court were established under the 2008 Constitution. They also have the jurisdiction to adjudicate on original, appeal and revision cases.
- The District Courts or Self-Administered Division and Self-Administered Zone act under the High Courts. They were also established under the 2008 Constitution and have original criminal jurisdictional powers, criminal appellate and revision jurisdictional powers. District judges hear criminal and civil cases in which the amount in dispute does not exceed MMK 100 million (around USD 65,500).
- Township Courts are mainly courts of original jurisdiction. They handle cases with amounts in dispute not exceeding MMK 10 million (around USD 6,500) and have the power to pass sentences of up to seven-years imprisonment.

2. Legal Environment and Competition Law

Source:

¹ *Myanmar – Business Guide, PwC 2017*

² *Myanmar Companies Law in force from 1 August 2018, Allen & Gledhill 2018*

³ *Doing business in Myanmar – Practical Law, Thomson Reuters 2019*

⁴ *Registration of Foreign Companies, Directorate of Investment and Company Administration*

⁵ *Business entities in Myanmar, Healthy Consultants Group PLC*

⁶ *Registration of Myanmar Public Companies, Directorate of Investment and Company Administration*

⁷ *Registration of Branches of Foreign Companies, Directorate of Investment and Company Administration*

⁸ *Doing Business in Myanmar, EY 2017*

⁹ *Competition Law Update: Formation of the Myanmar Competition Commission, Dentons Rodyk 2019*

¹⁰ *Overview of Competition Law in Myanmar, Competition Policy International 2015*

¹¹ *Myanmar's New Competition Law: An Important First Step in the Right Direction, DFDL*

¹² *The Competition Law (The Pyidaungsu Hluttaw Law No.9, 2015), Assembly of the Union*

¹³ *Enactment of New IP Laws in Myanmar, Tilleke & Gibbons May 2019*

¹⁴ *Trademark Law of Myanmar 2019, Law Plus Ltd.*

¹⁵ *Myanmar Passes Long-Awaited Trademark Law, Tilleke & Gibbons Feb 2019*

¹⁶ *Import and Export Procedures in Myanmar – Best Practices, ASEAN Briefing 2017*

¹⁷ *National Trade and Customs Laws and Rules, Myanmar National Trade Portal*

¹⁸ *The Global Competitiveness Report 2015-2016, World Economic Forum*

¹⁹ *Commercial court and skilled judges crucial, say legal experts, Myanmar Times 2016*

²⁰ *District Courts, The Supreme Court of the Union*

3. Taxation, Transfer Pricing, Banking and Currency Control

Executive Summary

The main taxation on companies in Myanmar include corporate income tax, commercial tax, specific goods tax and capital gain tax, among other business taxes. There is no value added tax or transfer pricing provision in Myanmar as of 2019.

Foreign direct investment is in general subject to approval of relevant ministries. Investments and repatriation of foreign funds into and out of Myanmar are subject to official approval and limitations. Additionally, foreign exchange is also highly controlled by the Myanmar government.



3. Taxation, Transfer Pricing, Banking and Currency Control

I. Taxation Practice

The principal tax laws governing the corporate tax provisions in Myanmar include the Union Tax Law, Income Tax Law and Commercial Tax Law. In general, all companies in Myanmar, regardless of its tax residence, are subject to corporate income tax (CIT). There is no value added tax (VAT) in Myanmar; instead commercial tax (CT) is levied on certain goods and services sold and rendered in Myanmar.

Resident companies in Myanmar are taxed on its worldwide income while non-resident companies are taxed only on income derived from sources within Myanmar.

A. Corporate Income Tax (CIT)^{1,2,4,6,8}

Tax Calculation

CIT in Myanmar is levied on taxable profits, including all income from a business, profession, property and other disclosed and undisclosed sources (excluding capital gains and dividends received) either from Myanmar or worldwide depending on the taxable company's residence, deducting therefrom all allowable expenses and depreciation. Capital gains are subject to capital gains tax instead, for details, please refer to part B of this section.



Applicable Tax Rate

The tax residence of a company in Myanmar is determined by its place of incorporation. All companies in Myanmar, regardless of their tax residence, are subject to a uniform CIT rate of 25%.

However tax residence of a company determines the basis of taxation and eligibility of tax incentives. The following table summarises the CIT treatment for different tax residence status:

| Taxable Person | Tax Rate (Note) | Tax Residence | Basis of Taxation | Tax Incentives |
|---|-----------------|----------------------|---------------------|---------------------------|
| 1. Companies incorporated in Myanmar under the Myanmar Companies Act (MCA) or Special Companies Act | 25% | Resident company | Worldwide income | N/A |
| 2. Companies registered under the Myanmar Investment Commission (MIC) or operating in a Special Economic Zone (SEZ) | | Resident company | Worldwide income | Please refer to section 9 |
| 3. Foreign companies registered under the MCA or Special Companies Act, such as a branch of a foreign company | | Non-resident company | Only Myanmar income | N/A |

Note: Companies listed on the Yangon Stock Exchange are subject to CIT of 20%.

3. Taxation, Transfer Pricing, Banking and Currency Control

Passive Income

- Dividends paid and received are not taxable.
- Interests paid to resident recipients are not subject to withholding tax but those paid to non-resident companies are subject to withholding tax of 15%.

| Taxable Income | Recipients | Withholding Tax Rate |
|----------------|---------------|----------------------|
| Interests | Residents | 0% |
| | Non-residents | 15% |
| Royalties | Residents | 0% |
| | Non-residents | 15% |
| Dividends | Residents | 0% |
| | Non-residents | |

Deductible Expenses

In general, expenses are deductible for tax purposes when such expenses are incurred for the purpose of earning business income, including depreciation up to the prescribed rate by law, approved pension fund contributions and bed debts.

The key non-deductible expenses for CIT computation purpose are as follows:

- Capital expenditure;
- Personal expenditure;
- Provisional expenses (e.g. provisions for bad debts and stock obsolescence); and
- Expenses not commensurate with the volume of business, etc.

Depreciation

Capital assets must be capitalised and depreciated on a straight-line basis in accordance with the rates set out in Notification 19/2016 Second Regulations Amending the Income Tax Regulations. A full-year depreciation allowance can be claimed for the year in which a capital asset is acquired, regardless of whether the asset is used for all or part of that year. The following table sets forth the range of allowed annual depreciation rates for key categories of depreciable assets:

| Category of Depreciable Assets | Range of Allowed Annual Depreciation Rate |
|---|---|
| Building | 1.25% - 10% |
| Furniture and Fixtures | 5% - 10% |
| Machinery and Plant | 5% - 10% |
| Machinery Equipment | 2.5% - 20% |
| Waterway Transport Vehicles | 5% - 10% |
| Road Transport Vehicles | 12.5% - 20% |
| Other fixed assets not prescribed above | 5% - 20% |

3. Taxation, Transfer Pricing, Banking and Currency Control

For a detailed depreciation rate schedule for individual assets, please refer to the latest Republic of the Union of Myanmar Associations Income Tax Return issued by the Internal Revenue Department (IRD) of Myanmar.

Consolidated Filing

There are no tax consolidation provisions in Myanmar.

Taxable Losses

- Operating losses can be carried forward against future profits up to three consecutive years but carryback is not allowed; and
- Capital losses shall not be carried forward to set off future capital gains or future profits.

Tax Return and Payment

For ongoing businesses, during the fiscal year, quarterly advance payment of CIT should be paid within 10 days after the end of each quarter. The quarterly advance payment of CIT is calculated based on the estimated total income for the year. Following the end of the fiscal year, companies should file annual CIT return and settle the final tax liability within three months from the end of the fiscal year. The quarterly advance payment of CIT is creditable against the final tax liability.

Failure to file a return and pay tax by the due date results in a 10% penalty of the tax shortfall, except for the provision of reasonable cause.

Double Taxation Agreement (DTA) with Hong Kong

Myanmar does not have a DTA with Hong Kong.

B. Value Added Tax (VAT), Commercial Tax (CT) & Specific Goods Tax (SGT)¹

There is no value added tax (VAT) in Myanmar.

Commercial Tax (CT) is levied as a turnover tax on goods and services. The commercial tax that a business charges and collects is known as output tax, which has to be paid to the Myanmar tax authorities.

Commercial tax incurred on business purchases and expenses are known as input tax. Businesses that are registered for CT can claim commercial input tax if certain conditions are satisfied.

Specific Goods Tax (SGT) is the CT on a list of specific goods that are imported into Myanmar, manufactured in Myanmar, or exported to a foreign country.

The following table summarises the key information for both CT and SGT:

| Category | Commercial Tax (CT) | Specific Goods Tax (SGT) |
|----------------------------------|---|--|
| Revenue threshold for taxability | Companies with an annual turnover of at least MMK 50 million (around USD 33,150). | Companies with an annual turnover of at least MMK 20 million (around USD 13,250), except for the local production of tobacco, cheroots and cigars which are subject to SGT without income threshold. |

3. Taxation, Transfer Pricing, Banking and Currency Control

| Category | Commercial Tax (CT) | Specific Goods Tax (SGT) |
|---|--|--|
| Taxable business activities | <ul style="list-style-type: none"> • Local manufacturing and distribution; • Provision of services; • Trading (selling, exchange or consignment); • Import of goods; and • Export of certain goods. | <p>Only applies to the local manufacturing, import and export of 17 types of goods, including:</p> <ul style="list-style-type: none"> • Vehicles; • Timber logs and wood cuttings; • Certain raw gemstones like jade; • Kerosene, gasoline and diesel; and • Natural gas and etc. |
| Exempted goods and services (The full schedule of CT and SGT exemptions can be found in the latest Republic of the Union of Myanmar Quarterly Commercial Tax Return and Specific Goods Tax Return issued by the Myanmar IRD) | <ul style="list-style-type: none"> • 10 categories of goods, including food, agriculture and livestock, gems and extracted products, industrial goods etc.; • 10 categories in services, including transportation service, planning and finance etc.; • All exports, except electricity and crude oil; and • Discretionary exemptions granted by the MIC/SEZ Committee on companies registered under the MIC/operating in SEZ. | <ul style="list-style-type: none"> • All exports, except natural gas, wood logs and wood cuttings, raw gemstones, and processed gemstones; • Specific goods imported for the purpose of re-exporting in the same quantity and condition; and • Discretionary exemptions granted by the MIC/SEZ Committee on companies registered under the MIC/operating in SEZ. |
| Tax basis | <ul style="list-style-type: none"> • Goods produced or services rendered in Myanmar: <ul style="list-style-type: none"> ◦ Sale or service proceeds + SGT; and • Imports: <ul style="list-style-type: none"> ◦ Cost, Insurance, Freight (CIF) + customs duty + SGT. | <ul style="list-style-type: none"> • For goods taxable as per price range: <ul style="list-style-type: none"> ◦ The greater of the factory sales price or the sales price as estimated and specified by the Director General and the Management Committee of the IRD; and • For goods not taxable as per price range: <ul style="list-style-type: none"> ◦ Based on the value determined by the Management Committee of the IRD. |
| Tax return and payment | <ul style="list-style-type: none"> • Filed quarterly returns within 1 month at the end of each quarter and annual return within 3 months at the end of fiscal year; and • Paid on a monthly basis within 10 days after month end. | <ul style="list-style-type: none"> • Filed quarterly within 1 month at the end of each quarter; and • Paid on a monthly basis within 10 days after month end. |

3. Taxation, Transfer Pricing, Banking and Currency Control

Applicable CT Rates

| Taxable Activities | CT Rate |
|--|--------------------------------------|
| <ul style="list-style-type: none"> • Local manufacturing and distribution; • Provision of services; • Trading; and • Import of goods | 5% <i>With exemptions applied</i> |
| <ul style="list-style-type: none"> • Sale of building | 3% |
| <ul style="list-style-type: none"> • Sale of gold jewellery | 1% |

Applicable SGT Rates

| Taxable Activities | SGT Rate |
|--|---------------------------|
| <ul style="list-style-type: none"> • Local manufacturing and distribution; • Import of goods | 5% - 80% <i>(Note)</i> |
| • Export of uncut jade | 15% |
| • Export of uncut precious stones | 10% |
| • Export of precious stones embedded in jewellery | 5% |

Note: Some of the individual items are taxed at fixed amount per unit (e.g. Cigarettes: MMK 4 – 16 per cigarette)

Offsetting Input and Output CT/SGT

- CT: All input CT can be offset against output CT, except for the CT paid for any fixed assets or capital assets, up to the amount of output CT. Input CT exceeding the amount of output CT can be deducted as a business expense when calculating CIT; and
- SGT: Exporters and producers can offset output SGT against input SGT. However if the goods exported are not subject to SGT, input SGT paid cannot be used in offsetting output tax.

3. Taxation, Transfer Pricing, Banking and Currency Control

Other Key Taxes for Manufacturers⁶

- Customs Duty (CD): CD is levied on the assessment value of imported goods at a rate up to 40% according to the tariff schedule published by the Customs Department. Discretionary exemptions may be granted by MIC/SEZ Committee on companies registered under MIC/operating in SEZ;
- Property Tax (PT): PT is split into four categories of taxes, including miscellaneous tax, lighting tax, water tax and sanitation tax. It is levied on the assessed annual value of land and premises. The occupiers/users of the premises are liable to pay PT annually;
- Stamp Duty (SD): SD is levied to give legal effect to chargeable instruments, including sale or transfer of immovable property, shares, bonds and lease agreements. The rates vary according to different legal or financial instruments. If the SD is not paid within one month from the time of execution of the instruments, the IRD will impose an annual penalty of 10 times the amount of the overdue SD; and
- Capital Gains Tax (CGT): CGT is levied on the capital gains from the disposal of a company's capital assets over MMK 10 million (around USD 6,633) (i.e. any land, building, vehicle, and any capital assets of an enterprise, which include shares, bonds, and similar instruments) by way of sale, exchange or transfer. It is assessed independently from CIT. Uniform CGT rate of 10% is applicable to both resident and non-resident companies, except for the companies engaged in upstream oil and gas activities, which are subject to CGT rate of 40% - 50%.

Tax Incentives for Foreign Manufacturers/Traders⁶

Myanmar is a popular destination for manufacturers of garments and processed food and beverages, partly due to the availability of various tax incentives granted by the government. If a company is registered under MIC or SEZ, it will be eligible for various tax incentives, and exemptions in taxes such as CIT and CT, subject to the satisfaction of certain conditions and approval from the MIC and/or SEZ Committee. For details, please refer to Section 8 of this report.

C. Transfer Pricing Provisions⁵

There are currently no transfer pricing provisions in Myanmar.

D. Statutory Auditing Requirements and Accounting Standards^{1,2,3,4,6}

Audit Requirements

Myanmar companies must maintain books of account (in Burmese or English) that accurately reflect their transactions, assets and liabilities. The financial statements must be audited. The first auditor of a company can be appointed by the company's directors. Subsequent auditors may be appointed by the shareholders at the annual general meeting.

Financial Statements

Financial statements shall include a statement of financial position (balance sheet), income statement, a statement of comprehensive income, a statement of changes in shareholders' equity, a statement of cash flows and notes to financial statements, prepared on accrual basis.

3. Taxation, Transfer Pricing, Banking and Currency Control

Fiscal Year and Taxable Period^{1,3}

Under the Union Tax Law 2018, the taxable period follows the Myanmar fiscal year, which starts from 1 April and ends on 31 March for 2018/19. No alternative fiscal year is allowed. However, the IRD recently issued a letter confirming the change of fiscal year (thus taxable period), which will take effect from 1 October 2019. The new fiscal year will commence on 1 October and end on 30 September. There will be a transition period from 1 April 2019 to 30 September 2019. CIT shall be assessed and paid separately from 2018/19 and 2019/20 during the transition period.

Filing Requirement

The directors of a company are required to submit a set of audited financial statements at the annual general meeting for approval by shareholders. A new company is required to hold its first annual general meeting within 18 months of incorporation, while subsequent annual general meetings shall be held no more than 15 months after the last one.

Retention Period for Financial Statements and Books of Accounts

Companies are required to maintain books of account for three years in general circumstances. Under SEZ rules, the investor and the developer shall maintain records for a period of seven years starting from the end of relevant financial year.

Accounting Standards

Myanmar Financial Reporting Standards (MFRS), in principle, follow International Financial Reporting Standards (IFRS). However, there are some differences, since MFRS has not yet adopted the following:

- IFRS 9: Financial instruments;
- IFRS 10: Consolidated financial statements;
- IFRS 11: Joint arrangements;
- IFRS 12: Disclosure of interests in other entities;
- IFRS 13: Fair value measurement;
- Interpretations from the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRICs);
- IFRS 14 Regulatory Deferral Accounts;
- IFRS 15 Revenue from Contracts with Customers; and
- IFRS 16 Leases.

However, all Public Interest Entities (PIE) including banks, microfinance institutions, insurance companies, are required to prepare financial statements under IFRS from fiscal year 2022/23 onwards.

II. Banking and Currency Control

A. Bank Account Setup Requirements and Restrictions for Foreign Direct Investment (FDI)

Bank Account Setup Requirements^{12,13,14}

All types of companies can open business bank accounts in Myanmar. Foreign companies may open accounts denominated in Burmese Kyat (MMK), and also open foreign currency accounts mainly denominated in the US Dollar (USD), Singapore Dollar (SGD) and Euro (EUR). As of February 2019, private companies are not allowed to open Renminbi (RMB) accounts in Myanmar.

Each bank will require different minimum deposits (in common case 100 units of foreign currency) to open an account. The following table list out some of the key documents required for opening a bank account for foreign companies. However, the list is for reference only as requirements vary between banks and types of companies. It is advised to check the exact required documents with the desired bank before filing an application with the bank.

General Documents Required When Opening a Bank Account for Foreign Companies

- Account opening application form;
- Board of director resolution;
- Memorandum of association and articles of association;
- Certificate of incorporation;
- Form (6 - Return of allotments); and
- Form (26 - Particulars of directors, managers and managing agents)/Form (18 - Authorised persons' details), etc.

Foreign Direct Investment (FDI) Restrictions^{15,16,17}

The Myanmar Investment Law (MIL) stipulates certain investments which are restricted and prohibited from foreign investments.

A foreign company, which is defined as a company with more than 35% foreign ownership, is not allowed to own land but can lease land and buildings for a maximum of one year. If the foreign company has obtained a Permit or Endorsement of the MIC, it may enter into long-term leases up to 50 years with two extensions of 10 years each. Moreover foreign companies operating in an SEZ can lease land and buildings in the SEZ for up to 50 years with an option to extend for a period of 25 years.

The MIL also classifies restricted business activities into four lists. For further details, please refer to section 8.

B. Restrictions on Inbound and Outbound Funding in Foreign Currency and Local Currency^{7,16,18,19,20,21}

The government applies a tough capital control in Myanmar. All capital account transactions, including investing new funds into Myanmar and repatriating profits made in Myanmar abroad, require approvals from the Central Bank of Myanmar (CBM) and the Foreign Exchange Management Board (FEXB).

Restriction on Local Currency

Companies and individuals are prohibited from bringing into or taking out any MMK from Myanmar.

Restriction on Foreign Currency

Inbound Transfer

In general, there is no limit for inbound transfer of foreign currency into Myanmar. However foreign nationals or companies must declare any amount of foreign currency over USD 10,000 or equivalent.

Outbound Transfer

In general, there is no limit for remitting foreign currencies out of Myanmar. The MIL guarantees investors the right to remit the income derived from Myanmar and offshore loan repayments abroad. However, this is subject to complying with the requirements of CBM and FEXB. Supporting evidence must be submitted for remittance of funds offshore to demonstrate that the remittance is for a permitted purpose.

Offshore Loan

Myanmar businesses can obtain offshore loans. These loans, including shareholder loans, must obtain prior approval from the CBM. Debt-to-equity ratio will be considered when approving offshore loan. Ratio of 4:1 to 3:1 may be accepted by CBM.

Without prior approval, the borrower is not permitted to make repayments under the loan.

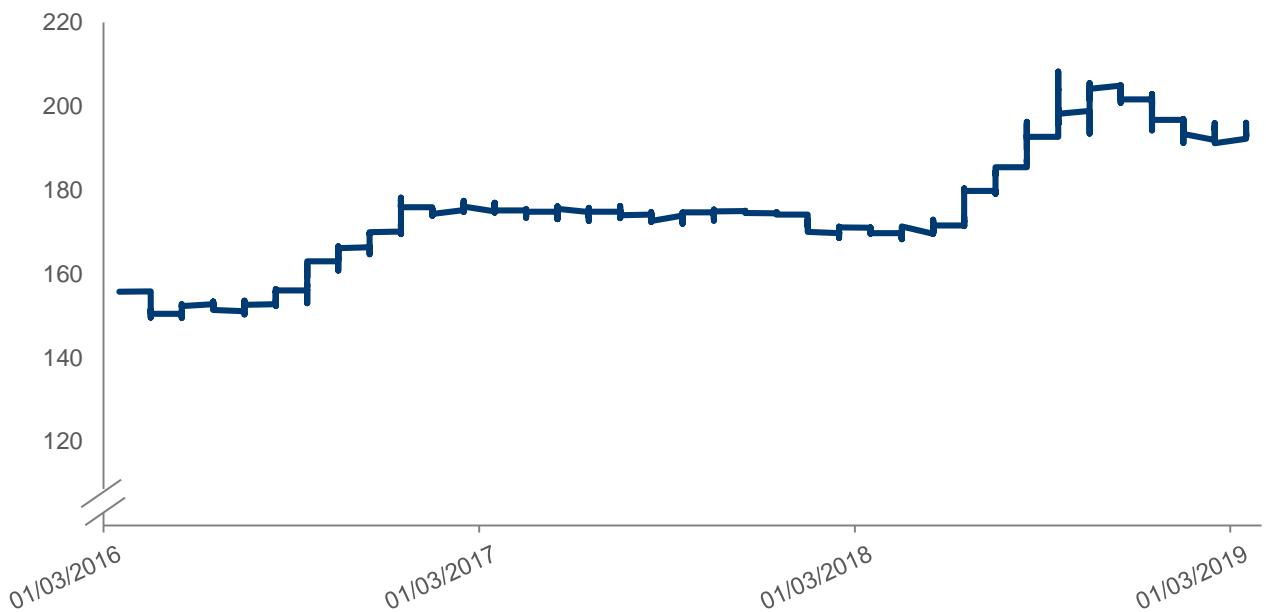
Cash Withdrawal

Holders of foreign currency bank accounts can only withdraw foreign currencies of an amount not exceeding USD 5,000 (or equivalent) each time, subject to a maximum of two withdrawals per week.

C. Policy on Foreign Exchange Rate and Three-year Historic Trend

Myanmar's official currency is the Burmese Kyat (MMK). The exchange rate is determined by a managed floating exchange rate system based on demand and supply in the market and the reference rate of the CBM. MMK can only be converted into foreign currencies in Myanmar, and the common permitted convertible foreign currencies include USD, EUR, SGD.

Three-year Exchange Rate Trend for HKD to MMK²³



| Date | HKD/MMK Rate |
|------------|--------------|
| 01/03/2016 | 157.72 |
| 01/03/2017 | 175.49 |
| 01/03/2018 | 170.70 |
| 01/03/2019 | 194.29 |

3. Taxation, Transfer Pricing, Banking and Currency Control

D. List of Banks from Foreign Investments^{24,25}

CBM has granted licenses to 13 foreign banks to operate in the country. Foreign banks are limited to providing wholesale banking services to foreign and local enterprises. Foreign banks are still prohibited from providing retail banking services, however, the CBM recently announced that the situation will change by 2020.

The 13 licensed foreign banks in Myanmar are as follows:

| Names of Foreign Bank Branches | |
|---|--|
|  | The Bank of Tokyo-Mitsubishi UFJ, Ltd |
|  | Oversea Chinese Banking Corporation Ltd |
|  | Sumitomo Mitsui Banking Corporation |
|  | United Overseas Bank Ltd |
|  | Bangkok Bank Public Company Ltd |
|  | Industrial Commercial Bank of China |
|  Maybank | Malayan Banking Berhad (May Bank) |
|  MIZUHO | Mizuho Bank Ltd |
|  ANZ | Australia and New Zealand Banking Group Ltd |
|  BIDV | The Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) |
|  신한은행 SHINHAN BANK | Shinhan Bank |
|  玉山銀行 E.SUN BANK | E. Sun Commercial Bank Limited |
|  | State Bank of India |

3. Taxation, Transfer Pricing, Banking and Currency Control

Source:

¹ Worldwide tax summaries - Myanmar, PwC

² Myanmar Tax Updates – 30 March 2019, DFDL Legal & Tax

³ Myanmar Tax Update: IRD Confirms Changes to the Financial Year for Cooperatives and Private, DFDL Legal & Tax

⁴ International Tax Myanmar Highlights 2019, Deloitte

⁵ Myanmar Tax Profile 2018, KPMG

⁶ Myanmar Tax Booklet 2018, VDB Loi

⁷ Doing Business in Myanmar, EY

⁸ 2018/2019 Republic of the Union of Myanmar Associations Income Tax Return, Myanmar IRD

⁹ 2019 Republic of the Union of Myanmar Quarterly Commercial Tax Return, Myanmar IRD

¹⁰ 2019 Republic of the Union of Myanmar Specific Goods Tax Return, Myanmar IRD

¹¹ 2019 Republic of the Union of Myanmar Transaction Capital Gains Tax Return , Myanmar IRD

¹² Account Services, ICBC Yangon Branch

¹³ Accounts, CB Bank

¹⁴ Myanmar adds Chinese RMB as official settlement currency, BEL and Road Portal

¹⁵ Myanmar's new investment regime, Allen & Overy

¹⁶ Doing Business in Myanmar, KPMG

¹⁷ Notification No. 15/2017, Myanmar Investment Commission

¹⁸ Business Guide 2019 – Myanmar, EuroCham

¹⁹ Myanmar's New Investment Regime: Financing of investments in Myanmar, Allen & Overy

²⁰ Establishing a business in Myanmar, Thomson Reuters Practical Law

²¹ Myanmar: The Legal Landscape, Getting the Deal Through by Law Business Research

²² Myanmar Customs, Currency & Airport Tax regulations details, IATA

²³ Bloomberg

²⁴ List of Foreign Banks Branches, Central Bank of Myanmar

²⁵ Foreign banks set to offer retail services in 2020, Oxford Business Group

4. Labour, Compensation Rule and Labour Supply Situation

Executive Summary

Myanmar's labour law system is mainly based on common law. All employees, regardless of nationalities, are required to adopt the Standard Employment Contract and are protected with maximum working hours, minimum wages and welfare by law.

The supply of highly educated and skilled labour is relatively limited compared to the other ASEAN countries.

Myanmar generally welcomes foreign workers. Only companies registered under the Special Economic Zone Law are subject to a statutory ratio of foreign to domestic employees of 1:4. Foreign workers are required to obtain a valid business visa in order to work in Myanmar. In addition, it is mandatory to obtain a Stay Permit and Foreigner Registration Certificate for long-term stays (over 90 consecutive days).



4. Labour, Compensation Rule and Labour Supply Situation

I. Overview on Laws and Regulations over Local Labour Employment

A. Contracts and Protection Towards Employees^{1,2,3}

Based on the common law legal system, the employment laws in Myanmar applies equally to all employees, including full-time employees, part-time employees and foreign employees. The employment relationship in Myanmar is governed by various laws, regulations, policies, and notifications set out by the Ministry of Labour, Immigration and Population (MOLIP).

Minimum Legal Working Age

No child under the age of 14 may be employed.

- A child worker is defined as a person aged between 14 and 15. To be employed, child workers need a fit for work certification provided by a doctor. They can only engage in non-hazardous jobs, are not allowed to work for more than four hours a day, and are restricted from working at night (between 6 pm and 6 am). Child workers are also granted additional benefits compared to adult workers (e.g. more annual leave entitlements).
- An adolescent workers is a person aged between of 16 and 17. They must be qualified as fit to work by a certified doctor to legally engage in non-hazardous jobs. They are subject to the same employment conditions as adults (at least 18 years old).

Employers must keep a register of all workers under 18 years old in the enterprise. The register includes names of workers, names of parents, type of work, details of work shift, etc.

Employment Contract

Employment contracts are the key legal documents stipulating the rights and obligations, terms of agreement, and conditions of the employment relationship. Pursuant to Ministry of Labour Notification No. 140/2017, employers must adopt the Standard Employment Contract (SEC) template published by the MOLIP. The following mandatory terms must be included in the SEC:

- Type of employment;
- Wage/salary;
- Location of working place;
- Working hours;
- Overtime;
- Days-off, holidays and leave;
- Termination/dismissal by employer; and
- Other terms of employment, etc.

Employers and employees are allowed to negotiate on particular terms and conditions. However the negotiated conditions shall not be less favourable than the protections provided by the law; otherwise they will be considered null and void.

4. Labour, Compensation Rule and Labour Supply Situation

Registration of Employment Contract

The Employment and Skills Development Law (ESDL) stipulates that employers must enter into written employment contracts with their employees and that all employment contracts must be registered in the relevant Township Labour Offices within 30 days of employment. Failure to sign an employment contract with employees will be punished with imprisonment up to six months and/or a fine. Non-registered employment contracts may be declared void.

Pre-employment Training & Probation

Employment contracts are not required to be signed or registered during a pre-employment training period or probation, however, it is recommended to at least sign an appointment letter with key terms of employment.

- Pre-employment training: employer and employees may mutually agree upon a training with a separate agreement executed in accordance with the law concerning the attendance of occupational skills training courses. During the training period, at least 50% of the minimum daily wage (i.e. MMK 2,400; around USD 1.60) has to be paid to the employee in training. Since the ESDL does not contain any specific provisions on the resignation of employees who attended training at the employer's expenditure, it is advised to agree on clear reimbursement obligations with any employee receiving training.
- Probation: employer and employees may also agree on a probation period, which cannot not exceed three months. During the probationary period, at least 75% of the minimum daily wage (i.e. MMK 3,600; USD 2.40 as of 2018) has to be paid. However, the law provides no other details on employment conditions within the probation period, e.g. employment after probation period, termination and resignation during probation period, etc. These conditions are subject to negotiations between the employer and employees.

Payment of Wages

The Payment of Wages Law stipulates that permanent employees shall be paid on a monthly basis. Employees engaged for defined period of times (e.g. hour, day, week or temporary) shall be paid upon the completion of the job or by the end of a remuneration period based on mutual agreement, and that the payment should be made within one month.

- If the workforce does not exceed 100 employees, remuneration shall be disbursed on the end date of the remuneration period;
- If the workforce exceeds 100 employees, remuneration shall be disbursed within five days of the end of the remuneration period.

In case of termination by the employer, the remuneration shall be paid within two business days. In case of voluntary resignation by the employee, payment shall be made on the end date of the remuneration period.

4. Labour, Compensation Rule and Labour Supply Situation

Termination of Employment

The conditions and requirements of employment termination are mainly governed by the SEC, and vary depending on the form of termination: unilateral termination by employer, resignation by employee or mutual agreement. The following table summarises the key compliance requirements for employment termination:

| Form of Termination | Reasons for Termination | Severance Pay | Notice Period | Additional Requirements |
|------------------------------------|---|---------------|-----------------------|--|
| Unilateral termination by employer | Misconduct | X | Immediate termination | <ul style="list-style-type: none"> ✓ Termination in writing and signed; and ✓ Records with reasons for termination shall be kept |
| | Others reasons (e.g. closure of business, death of employees etc.) (Note) | ✓ | 1 month | <ul style="list-style-type: none"> ✓ Termination in writing and signed; and ✓ Records with reasons for termination shall be kept |
| | Redundancy | ✓ | 1 month | <ul style="list-style-type: none"> ✓ Coordination with representatives from labour organisations |
| Resignation by employee | Any | X | 1 month | X |
| Mutual agreement | Any | X | Per mutual agreement | X |

Note: Although there is no provision by law for employers to state any reasons for termination of employment by notice, in practice employer may only dismiss an employee for the reasons specified in the employment contract or work rules, which may be added as an annex to the official employment contract template.

Severance pay or payment in lieu of notice shall be paid depending on the tenure of service of the concerned employee according to the following schedule:

| Tenure of Service | Severance Pay (in month's salary) |
|----------------------|--------------------------------------|
| <6 months | - |
| 6 months – <1 year | 0.5 |
| 1 year – <2 years | 1 |
| 2 years – <3 years | 1.5 |
| 3 years – <4 years | 3 |
| 4 years – <6 years | 4 |
| 6 years – <8 years | 5 |
| 8 years – <10 years | 6 |
| 10 years – <20 years | 8 |
| 20 years – <25 years | 10 |
| ≥ 25 years | 13 |

B. Minimum Wage Level⁴

All companies with more than 10 employees must comply with the Minimum Wage Law. Pursuant to the Notification 2/2018, the current national daily minimum wage is MMK 4,800 (around USD 3.2) for an eight-hour workday.

4. Labour, Compensation Rule and Labour Supply Situation

C. Maximum Working Hours and Days^{1,2,3}

The maximum working hours are regulated by different laws depending on the nature of the work:

- The Factories Act (FA) covers manufacturing and maintenance workers and supervisors, as well as other manual labourers (e.g. driver, cleaning worker, cook);
- The Shops and Establishment Law covers employees in various service industries, including wholesale, retail, entertainment, hospitality industry, financial industry etc.

| | The Factories Act | The Shops and Establishment Law |
|---|--|--------------------------------------|
| Max working hours per day | 8 hours | 8 hours |
| Max working hours per week | <ul style="list-style-type: none">• Regular workers: 44 hours• Workers working on continuous work: 48 hours | 48 hours |
| Max working days per week | 6 days (i.e. one weekly rest day) | 6 days (i.e. one weekly rest day) |
| Min rest period | 30 minutes every 5 hours of work | 30 minutes every 4 hours of work |
| Max combined working and rest hours per day | 10 hours | 11 hours |

Overtime

- Overtime hours are usually limited to a maximum of 12 hours per week. In special cases (e.g. regular workers in a factory or workers in offices and shops), it can be extended to 16 hours.
- The overtime pay shall be double the normal wage as calculated in the following formula:
$$\{(monthly\ salary \times 12\ months)/52\ weeks/regular\ weekly\ working\ hours\ (44\ or\ 48)\} \times 2$$
- In case of work on the weekly rest day, the employee shall be granted with an alternative rest day.

D. Mandatory Welfare^{1,2,3,5}

Social Security Law

According to the Social Security Law, an employer with five or more employees is required to make contributions to the Social Security Fund (SSF). Both employers and employees (including domestic and foreign employees) are required to make monthly contributions to the fund.

- Statutory contribution: employees' contribution shall be withheld from salaries. Employers should file and pay social security every month with the relevant township office of SSF. The statutory contribution are based on total monthly wages, including all recurring allowances and benefits.

4. Labour, Compensation Rule and Labour Supply Situation

Contribution Rates

| | Employer | Employee | Total Contribution |
|-----------------------------|-----------------|-----------------|--|
| Health and social care fund | 2% | 2% | 4% |
| Work injury fund | 1% | 0% | 1% |
| Total | 3% | 2% | 5% <i>(Contribution cap: MMK 15,000)</i> |

Additional Leaves and Benefits under SSF

Employees contributing to social security are eligible for additional leaves and benefits:

- Sickness benefits: eligible employees can enjoy free medical care in permitted hospitals and clinics and, subject to the completion of at least six months of service and four months of contribution, they are entitled to 60% of wages for up to 26 weeks;
- Maternity benefits (subject to the completion of at least 12 months of service and six months of contribution):
 - 14 weeks of paid maternity leaves shall be covered by the SSF (payment of 70% of monthly wage);
 - Free prenatal examinations and medical care services at permitted hospitals and clinics; and
 - One-off maternity bonus of 50% to 100% of the monthly average wages upon delivery depending on the number of new-borns.
- Temporary disability benefits (subject to at least two months of contribution): employees can enjoy 70% of their monthly average wage for up to 12 months; and
- Permanent disability benefits (subject to at least two months of contribution): employees can enjoy 70% of their monthly average wage for a period depending on the level of disability decided by the Medical Board.

Leave and Holiday Entitlements^{1,2,3,6}

The Leave and Holiday Act (LHA) also stipulates other statutory rights of employees, including:

- Public holidays: all employees shall be granted paid public holidays (Myanmar has around 20 annual public holidays);
- Annual leaves: all employees are entitled to 10 paid annual leaves after 12 consecutive months of service with at least 20 working days per month. Annual leaves may be accumulated and carried forward for up to three years, subject to the agreement between the employer and the employee;
- Casual leaves: all employees are entitled to six days of annual paid casual leaves. Casual leaves may not be carried forward to next year and may not be spent for more than three consecutive days at a time, except in the case of religious or compulsory social events (e.g. weddings, funerals). Casual leaves may not be enjoyed in conjunction with any other type of leave;
- Medical leaves: all employees are entitled to 30 days of paid medical leaves per year after the completion of six months of service;
- Maternity and paternity leaves: female employees are entitled to 14 weeks of paid maternity leaves and male employees are entitled to 15 days of paternity leaves. Such leaves are paid by the employer unless the worker is covered by the SSF and satisfies the minimum contribution requirements.

4. Labour, Compensation Rule and Labour Supply Situation

Occupational Safety Protection Under the Factories Act (FA)

Under the FA, employers are also obligated to provide protective equipment and facilities to ensure employees' occupational safety and health in factories. Examples include:

- Fire and building safety: every building must have a fire warning system;
- First aid facilities: factories with more than 250 workers shall provide either a first aid room or a clinic containing medical equipment; and
- Workspaces: every worker must have at least 500 cubic feet (5.85 m^2 , up to 4.25 m high) of space to work in to prevent overcrowding.

E. Labour Law Governing Authorities, Enforcements, and Restrictions^{1,2,3,7}

Governing Authorities

The Ministry of Labour, Immigration and Population (MOLIP) is the governing body of the country's labour law and regulations. It is responsible for protecting the worker's rights, promoting social rights and labour productivity, as well as participating in international labour affairs.

Labour Law Enforcements

There are four major departments under the MOLIP, namely 1) Department of Labour, 2) Social Security Board, 3) Factories and General Labour Laws Inspection Department and 4) Department of Labour Relations. Collectively they enact labour laws and regulations and render labour related services, e.g. labour registration, workplace inspection, handling labour complaints, etc.

Labour disputes in Myanmar are handled by a multilevel resolution system, which includes the following government bodies:

- Township Conciliation Bodies: assist the disputing parties to reach a mutual agreement through neutral third-party intervention;
- Regional/State Arbitration Bodies/Arbitration Councils: act as independent and neutral third parties to handle disputes by imposing a final and binding decision (unless appealed in court); and
- Competent Courts/Supreme Court: final appellate courts for individual and collective disputes.

Employment Restrictions

Restrictions on Female Employment

There are several restrictions on female employment, especially in industrial workplace. For example, female employees shall not:

- Work in any industrial jobs at night (between 10 pm and 5 am) or commence work without a prior rest period of 11 consecutive hours;
- Clean, lubricate, or adjust any machinery while it is in motion, or work between moving parts or moving any fixed parts of any machine that is in motion; and
- Work in the same area as a cotton opener, unless the feed end of the machinery is separated from the delivery end by a partition.

Pregnant employees can only be assigned to light work, without any reduction of their original wage, salary and benefits. After seven months of pregnancy, they shall not work overtime or on night shift.

4. Labour, Compensation Rule and Labour Supply Situation

Restrictions on Foreign Employment

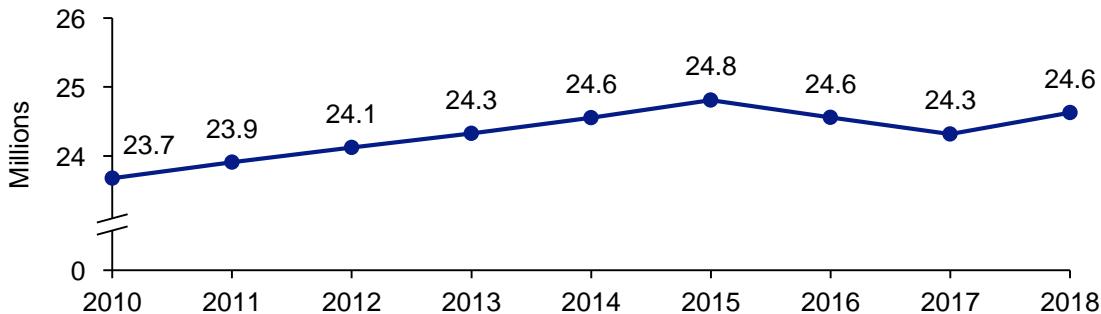
There are no restrictions on the number of foreign employees that can be employed in all types of companies in Myanmar. The only exception applies to enterprises in Special Economic Zones (SEZs). Companies established under the SEZ law and/or operating in SEZs are obliged to:

- Hire only Myanmar citizens for unskilled work; and
- Hire at least 25% of skilled workers and technicians from Myanmar citizens during the first two years of operation; followed by at least 50% for the 3rd and 4th year, and 75% for the 5th and 6th year. The only exception is for technology and management positions, for which a large percentage of foreigners is allowed.

II. Local Labour Supply Market Condition

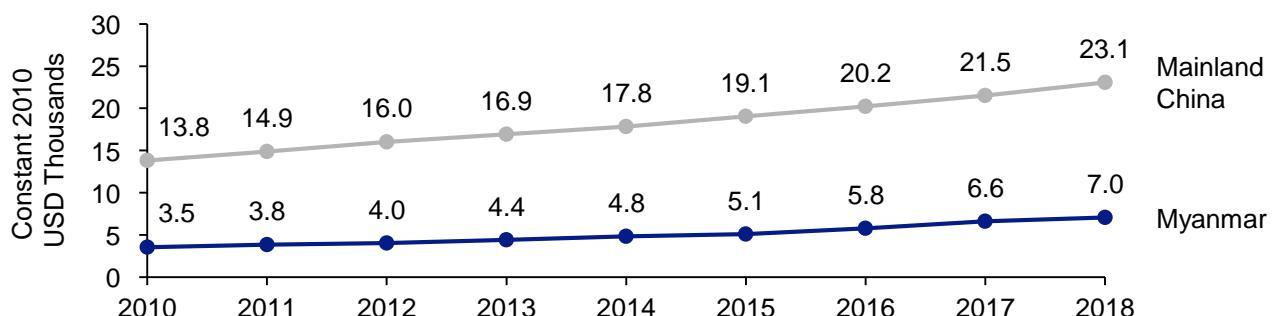
A. Supply Situation for Total Labour Force^{8,9}

Myanmar Total Labour Force (2010 – 2018)



The estimated total labour force was around 24.6 million in 2018. The labour force decrease between 2015 to 2017 was largely due to the raise of the minimum employment age from 13 to 14 years old since 2015. Nevertheless, the size of workforce in 2018 was almost equal to the 2015 peak. As of 2017 Q1, around 49% of the employed population were engaged in the agricultural sector, followed by 33% in the service sector and 18% in the industrial sector.

Myanmar Industry Labour Productivity (value added per worker) (2010 – 2018) (Note)⁹



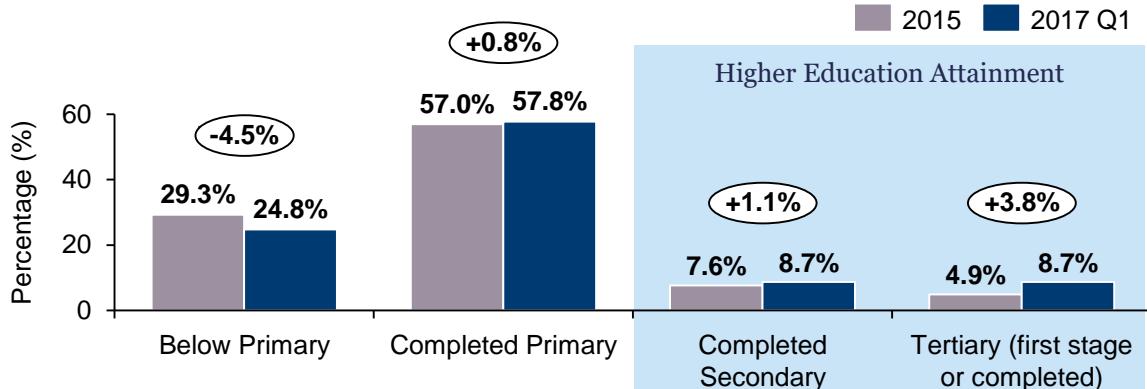
Myanmar's industry labour productivity grew at a higher rate (around 9.0%) than Mainland China's (around 6.6%) between 2010-2018. However Myanmar's industry labour productivity was still around 70% lower than Mainland China's in 2018. Myanmar's productivity is among the lowest in the ASEAN, only higher than that of Vietnam and Cambodia.

Note: Industry labour productivity measures the value added per worker in manufacturing, construction, mining and quarrying and public utility sectors.

4. Labour, Compensation Rule and Labour Supply Situation

B. Supply of Skilled Employees^{10,11}

Myanmar Labour Force % by Education Attainment (2015, 2017 Q1)



The estimated labour force with higher education (completed secondary schooling or above) was approximately 17% of the total labour force or around 4.1 million.

C. Government Support on Employee Training^{1,12,13}

The ESDL establishes a national policy to develop Myanmar's vocational capabilities by promoting Technical Vocational Education and Trainings (TVET). There are over 250 training schools in Myanmar. They provide over 200 TVET courses covering a wide range of technical occupations related to construction, electronics, mechanics, pharmaceutical and agriculture, as well as vocational skills such as tailoring and food processing, among others.

Vocational trainings of a particular industry are managed and financed by the relevant Ministry in charge, e.g. training courses for construction, electronics, and mechanics are managed by the Ministry of Industry. While the government has not yet established a national training fund, the majority of the costs of the TVET courses are still borne by either the employees or employer.

D. Labour Unionisation and Related Government Regulations^{1,2,3,6,14}

The Labour Organisation Law (LOL) protects employee's rights to join labour organisations. All types of workers (e.g temporary workers, workers on daily wage or trainees) have the right to join and form labour unions. The law applies to all workers in private and state-owned enterprises, except for organisations related to national and social security.

Labour Union Formation

Labour unions may be formed at factory level if at least 30 workers and at least 10% of all workers approve the relevant constitution and rules of the union (if there are less than 30 workers in the company, workers may form a labour union with any other company of the same nature). Umbrella organisations may be formed at township, regional and national levels, such as Labour Federations.

Labour Union Registration

Labour unions, depending on the scale, should be registered in the township or chief registrar upon establishment.

4. Labour, Compensation Rule and Labour Supply Situation

Rights of Labour Unions

The labour unions in Myanmar are entitled to the following rights in order to protect the rights and interests of their members (non-exhaustive):

- Right to negotiate and settle with the employer in case of labour disputes, including demanding re-employment of certain employees dismissed by the employer due to participation in labour union activities;
- Right to send representatives to the Workplace Coordinating Committee and Township Conciliation Body for the settlement of disputes between employer and employees;
- Support employees in collective bargaining and employment agreements preparation; and
- Engage in industrial action, including strikes (details to be provided in the latter sub-sections).

Employer's Duties

Employers shall not impede employees' participation in a union, dominate or control the union, and shall grant (upon recommendation of the labour union's executive committee) employees up to two days of leaves to participate in the union activities.

Strike/Lockout

Employees organised in a labour union may, under certain conditions prescribed by the LOL and the Settlement of Labour Disputes Law (SLDL), go on strike or lockout after failure of general dispute resolution mechanisms. The following strike requirements are defined in the LOL and the SSDL:

- Strike demands must be within the scope of competence of the union (e.g. higher wages, reinstatement of terminated workers or adequate overtime payment);
- More than 50% of the workers must approve the strike;
- Township labour union must approve the strike; and
- Permission from the Township Conciliation Body must be obtained.

According to the SSDL, employers are not liable to pay salary or allowances to the workers on strike.

F. Work Permits and Visas^{14,15,16}

Work Permits

Under current requirements, foreign employees are not required to obtain a work permit to work in Myanmar. However the government is considering to change such requirement. Therefore, it is advised to check with the official authorities before employing any foreigners.

Visas

Foreigners are required to hold a valid business visa in order to legally stay and work in Myanmar. For foreign employees who are working for companies registered with the Myanmar Investment Commission, they are also required to apply for a Stay Permit (it is optional for other foreign employees).

4. Labour, Compensation Rule and Labour Supply Situation

Business Visas

Business Visas are available in two forms:

- A Single Entry Visa is valid for three months from the issue date, within which the holder must enter Myanmar or else the visa will be expired. It allows a single entry into Myanmar and a 70-day stay. By the end of the period, the individual must leave the country and re-apply for a new business visa to enter Myanmar;
- A Multiple Entry Visa can be obtained provided that the applicant has already had at least two Single Entry visas. It is valid for six months from the issue date with multiple entries. Each entry allows 70 days of stay which can also be extended for up to one year, subject to the approval by the Department of Immigration and National Registration.

Business Visas may be applied at Myanmar's foreign embassies, consulates, online or upon arrival at one of Myanmar's international airports.

Stay Permit and Foreigner Registration Certificate (FRC)

Foreign nationals require both a Stay Permit and an FRC to stay in Myanmar for over 90 consecutive days and/or to work for a company established with the Myanmar Investment Committee.

The Stay Permit and FRC should be applied immediately after arriving in Myanmar with the Directorate of Investment and Company Administration and the Department of Immigration and National Registration. The initial stay period granted is usually only three months, followed by six months for the second application and 12 months for the third application and thereafter.

Travelling to Myanmar

As a pilot programme, from 1 October 2018 to 30 September 2020, Hong Kong Special Administrative Region passport holders are granted visa-free travel to Myanmar for a period of up to 30 days. To apply for the visa, please visit the Official Myanmar eVisa website for further information and online application (www.evisa.moip.gov.mm).

E. Religious and Cultural Concerns or Considerations¹⁷

Religion

Nearly 90% of the Burmese population is Buddhist. Religion is deeply embedded in the Burmese life and personal identity. Religious conflicts remain the major source of friction in Myanmar. The United Nations (UN) accused the military of genocide against the Rohingyas (a small Muslim minority). This minority group has been denied citizenship, government policy restricts their religious practice and marriage rights, and prevents their employment in the social services. Therefore, it remains an extremely sensitive topic to discuss in the country. For more information, please refer to section 1 of this report.

On the other hand, Myanmar's labour force enjoy six days of paid casual leaves every year. They are allowed to attend religious events with the entitled casual leaves.

Culture

Myanmar's society remains relatively conservative and traditional. It is therefore important to observe local customs and traditions practiced by the Burmese, e.g. dressing in modest and neat clothing and taking shoes off when entering someone's home etc. English literacy in Myanmar is among the lowest in the world (ranked 82nd out of 88). The language barrier may pose challenges for Mainland China and Hong Kong companies in communicating with and managing their employees.

Personal relationships are key to a successful deal in Myanmar and the level of closeness with Burmese professionals may take precedence over the offer.

4. Labour, Compensation Rule and Labour Supply Situation

Source:

¹ ILO Guide to Myanmar Labour Law 2017, International Labour Organisation (ILO)

² Myanmar News – New Employment Contract Template of the Department of Labour, Luther Rechtsanwaltsgegesellschaft mbH

³ Memo: Myanmar Employment Law (updated June 2018), Luther Rechtsanwaltsgegesellschaft mbH

⁴ Practical Law – Employment and employee benefits in Myanmar, Thomson Reuters

⁵ The Social Security Rules, Myanmar Ministry of Labour, Employment and Social Security

⁶ Myanmar Labour Law FAQs for employers (July 2018), International Labour Organisation (ILO)

⁷ Main role & Function, the Ministry of Labour, Immigration and Population

⁸ Total Labour Force, World Development Indicators

⁹ Industry (including construction), value added per worker (constant 2010 US\$), The World Bank

¹⁰ Myanmar Annual Labour Force Survey Report - 2017 (1st Quarter), Ministry Of Labour, Immigration And Population

¹¹ Myanmar Annual Labour Force Survey Report – 2015, Ministry Of Labour, Immigration And Population

¹² The Role of Vocational Training in Myanmar's Development, Myanmar Insider

¹³ Labour Market Profile – Myanmar 2016, Danish Trade Union Council for International Development Cooperation

¹⁴ Myanmar Employment Guide, Duane Morris & Selvam

¹⁵ Memo: Visa, Long-term Stay Permit & Foreigner Registration Certificate (Updated: November 2017), Luther Rechtsanwaltsgegesellschaft mbH

¹⁶ Visas, the Republic of the Union of Myanmar Consulate General in Hong Kong

¹⁷ Cultural Atlas – Myanmar, Cultural Competence Program by SBS, IES and Multicultural NSW

5. Research and Development Environment

Executive Summary

Myanmar's government is implementing a 12 years strategy to grow the country in a sustainable way. Under this strategy, neither science and technology (S&T) nor research and development (R&D) are identified as major drivers of economic growth.

The country's S&T ecosystem is still underdeveloped. The government manages a few research centres but involvement from universities and the private sector in R&D is minimal. Furthermore, S&T workforce and funding are very limited in Myanmar.



5. Research and Development Environment

I. The Science and Technology (S&T) in Myanmar

A. Policies and Trends in S&T^{1,2,3}

Myanmar is undergoing a process of democratisation coupled with economic changes. In recent years, despite strong economic growth, Myanmar did not manage to achieve balanced and sustainable development, leading to a raise in inequalities and discrepancies in the country. In order to address this challenge, the government released a 12-year national strategy in 2018: the Myanmar Sustainable Development Plan 2018-2030. The vision of the plan is to forge a common path towards a prosperous, peaceful and democratic Myanmar. To achieve this vision, the government identified action plans that will be carried out along three major pillars in order to meet five specific goals:

| Prosperity & Partnership | Peace & Stability | People & Planet |
|---|---|--|
| <ol style="list-style-type: none"> Promote job creation and a private sector-led growth. | <ol style="list-style-type: none"> Ensure peace, national reconciliation, security and good governance. Achieve economic stability and a strengthened macroeconomic management. | <ol style="list-style-type: none"> Focus on human resources and social development for a 21st century society. Preserve natural resources and the environment for prosperity of the nation. |

Under this comprehensive framework, S&T is not identified as a major driver of economic growth. In addition, only one out of 28 detailed strategies drafted in the Development Plan mentions R&D.

Outlook

The government has pointed out that Myanmar is lagging behind its Southeast Asian peers in key technology adoption, knowledge generation, as well as innovation. To overcome this hurdle, Myanmar seeks to embrace the fourth industrial revolution, encourage innovation, and support R&D activities. However, it is very difficult to assess the level of implementation of these initiatives and generate a comprehensive overview of Myanmar's S&T capabilities, as there is no single agency responsible for collecting R&D data. There is also a lack of transparency on R&D indicators in Myanmar. The latest available figure for R&D expenditures published by the World Bank dates back to 2002, and the number of scientific publications published according to the UNESCO dates back to 2014: the ratio was 1 scientific publication per 1 million inhabitants. Myanmar was not ranked in the World Economic Forum's 2018 Competitiveness Report.

B. S&T Related Organisations⁴

The Ministry of Education is in charge of matters related to S&T. It manages five branches, of which three carry out actions related to S&T, namely the Department of Research and Innovation, the Department of Technology Promotion and Coordination, the Department of Technical and Vocational Education.

5. Research and Development Environment

Department of Research and Innovation (DRI)

The mission of the DRI is develop science, technology, and innovation in Myanmar by focusing on R&D and related services. Its main functions are: 1) conducting research and innovation activities in: renewable energies and electronic technologies, chemical technologies, biotech, information communication technologies, and material sciences; 2) strengthening national standards and quality trademarks (e.g. standardisation and accreditations); 3) establishing a strong intellectual property (IP) framework; 4) providing testing services to support sectors such as health, education and environment; and 5) cooperating domestically with universities and industries, and internationally with major technology organisations.

Department of Technology Promotion and Coordination (DTPC)

The DTPC aims to promote R&D activities in order to support Myanmar's industrialisation. Its four main missions are: 1) building strong industries in the country; 2) helping industries to exploit their full potential; 3) promoting workforce upskilling (e.g. train expert IT technicians); and 4) cooperating with international partners to upgrade technology.

Department of Technical and Vocational Education (DTVE)

The DTVE is in charge of creating educational opportunities to upskill Myanmar's workforce. Its main goal is to promote employment in the country and to achieve a high income per capita. However, the role of the DTVE in S&T promotion is still very limited.

II. The Infrastructure of Science and Technology

A. Government R&D Institutes and/or Funding Agencies⁵

Myanmar has few R&D centres. Most of them are managed by specific national departments which operate under different government ministries. Below is an overview of the country's major R&D centres.

Government R&D Institutes (Part 1/2)

| Ministry | Department | R&D |
|--|---------------------------------------|---|
| Ministry of Health and Sports | Department of Medical Research |  Biomedical, Clinical and Sociomedical Research Centres <ul style="list-style-type: none">Research on immunology, bacteriology, epidemiology, nutrition etc. |
| Ministry of Agriculture, Livestock and Irrigation | Department of Agricultural Research |  Agricultural Research Institute: <ul style="list-style-type: none">Research on hybrid crops, production technologies, biotechnologies, etc. |
| Ministry of Education | Department of Research and Innovation |  Renewable Energy Research Centre <ul style="list-style-type: none">Research on solar energy, small hydro power, wind energy, biomass energy, etc. |

5. Research and Development Environment

Government R&D Institutes (Part 2/2)

| Ministry | Department | R&D |
|------------------------------|---------------------------------------|---|
| Ministry of Education | Department of Research and Innovation |  Electronic Technology Research Centre <ul style="list-style-type: none"> • Research on automation, microelectronics, signal processing, etc. |
| | |  Chemical Technology Research Centre <ul style="list-style-type: none"> • Research on polymer, pharmaceuticals, applied chemical, etc. |
| | |  Material Sciences Research Department <ul style="list-style-type: none"> • Research on metals, isolate rare earth elements, Lithium, etc. |
| | |  Information and Communications Technology Research Centre <ul style="list-style-type: none"> • Research on IT, ICT and its applications. |
| | |  Biotechnology Research Centre <ul style="list-style-type: none"> • Research on food security, rural development, environment, etc. |

B. University-based R&D Institutes^{6,7}

None of Myanmar's universities are ranked in the 2019 QS Asia University Rankings. The ranking comprises around 500 institutes that are evaluated based on criteria such as academic reputation and citation per faculty. Consequently, the few R&D activities carried out in Myanmar's universities have nearly no impact on the regional or international scene. The research focus of the two main universities in the country is provided in the table below.

| University | Research Focus |
|-------------------------------|---|
| University of Yangon | The university has a science department with a research focus in: <ul style="list-style-type: none"> • Chemistry and Industrial Chemistry • Physics and Mathematics • Zoology, Botany and Geology • Computer Sciences |
| University of Mandalay | The University carries out research in: <ul style="list-style-type: none"> • Physics and Mathematics • Zoology, Botany and Geology • Chemistry and Industrial Chemistry |

In 2018, the University of Mandalay announced a partnership with Yunnan University from Mainland China in order to develop its research capabilities. The collaboration between the two is a result of Mainland China's effort to create R&D centres in Belt and Road countries. The partnership's focus lies on research in fields such as resources management, environmental studies, ecology and other related subjects.

C. Private Business Firms (Research Centres)

In Myanmar, private sector engagement in R&D is minimal. However, in 2016, the government drafted the Private Sector Development Framework and Action Plan with the intention of boosting private sector engagement in the country's economy.

D. Infrastructure Availability for Foreign Investments

Myanmar is undergoing a process to open up its economy to foreign investments. To attract foreign investors, specific actions are prescribed in the Myanmar Sustainable Development Plan 2018-2030 such as creating appropriate incentives for foreign firms or building a linkage with foreign companies. The country is therefore relatively keen on receiving investment from foreign companies. However, the availability of specific R&D infrastructure is not mentioned or advertised.

III. Priority Areas in Myanmar (major exports)^{8,9}

Myanmar's economy is supported by abundant natural resources and commodities. In 2018, the top five exports from Myanmar were:

| Top Five Exports | % of Total Exports (in 2018) |
|---|------------------------------|
|  Apparel and Clothing | 29.6% |
|  Mineral Fuels (including oil) | 23.0% |
|  Other Commodities | 6.6% |
|  Mining Products (ores, slag, ash) | 6.5% |
|  Metals (copper) | 5.3% |

The majority of products exported from Myanmar are low-tech and do not require much R&D. The country is struggling to upgrade its exports from low to hi-tech products. In 2017, hi-tech products (e.g. products with high R&D intensity) such as those in aerospace, computers, pharmaceuticals only represented around 6% of total manufactured exports compared to almost 30% in Vietnam or Malaysia.

IV. Funding for S&T and R&D¹⁰

As R&D activities in Myanmar are very rare, there are no major funding programmes for private companies. For instance, the Department of Research and Innovation does not mention funding schemes in the list of functions and services it provides. However, it appears that there are some public R&D funding initiatives from government to the ministries. In 2017, for the first time in Myanmar history, the government granted MMK 1 billion (around USD 700,000) to the Ministry of Health and Sports to support R&D activities in fields such as food safety and the production of pharmaceuticals.

V. Human Resources for S&T¹¹

Myanmar's S&T labour force is very scarce. In 2017, the ratio of researchers in R&D was 15 per 1 million people. At a country level, this adds up to around 800 full-time researchers only. This bottleneck was identified by the Burmese government as one of its major weaknesses preventing international firms from investing in the country. Myanmar is not ranked in the INSEAD 2019 Global Innovation Index.

VI. Support in Testing and Verification

In Myanmar, support in testing and verification can be obtained from the National Standard and Quality Department (NSQD), which operates under the DRI. The NSQD's vision is to promote and provide technical services related to standardisation and accreditation. Its missions are: 1) developing National Standards; 2) providing internationally recognised accreditations; and 3) providing calibration and measurement services to the public and private firms.

VII. Intellectual Property Policy¹²

Myanmar is not ranked in the 2019 Intellectual Property (IP) Index published by the Global Innovation Policy Center (GIPC), which compares IP protection frameworks in 50 different countries. Between January and May 2019, Myanmar enacted four important IP related laws to replace its outdated IP framework: the Trademark Law, the Industrial Design Law, the Patent Law and the Copyright Law. However, as of May 2019, the new administrative structure has not been established. As such, the registration process is not yet possible under the new system.

Trademark Law

All registered trademarks under this law are valid for 10 years from the filling date and renewable in perpetuity. To enjoy the protection of the law, all existing trademarks recorded in Myanmar must be registered under the new system. Applications can be filed in English or Burmese. For more information please refer to section 2.

Industrial Design Law

The new law imposes a novelty threshold that needs to be met for the industrial design to be registered. Additionally, if an employer fails to apply for the industrial design within six months, employees can claim the right for the design. From the application date, registered industrial designs are protected for a period of five years. A renewal for five years can be filed twice, for a total of 15 years of protection.

Patent Law

An invention can be registered under the law if it is new, involves an inventive step, and is industrially applicable. Patents are protected for a duration of 10 to 20 years. However, pharmaceutical patents are exempted from protection until January 2033, while chemical products used in agriculture, food products, and microbiological products are exempt until July 2021 (unless the Myanmar government specifies otherwise).

Copyright Law

The new law protects works created by foreign workers and non-residents, if they were first published in Myanmar or published in the country within 30 days of the first publication abroad. The law mainly focuses on literary and artistic works but also covers technological protection.

5. Research and Development Environment

Source:

¹ *Myanmar Sustainable Development Plan, Ministry of Planning and Finance*

² *R&D expenditure as percentage of the GDP, World Bank, 2017*

³ *UNESCO Science Report: Towards 2030, UNESCO, 2015*

⁴ *Ministry of Education*

⁵ *Homepage of the Ministry of Education; Ministry of Agriculture; Ministry of Health*

⁶ *QS Asia University Rankings 2019, QS World University Rankings*

⁷ *Mandalay-Yunnan unis gear up Belt and Road R&D efforts, Myanmar Times, 2018*

⁸ *Trade Map, International Trade Centre*

⁹ *High-technology exports as a share of manufactured exports, Knoema*

¹⁰ *Myanmar Gets First Health R&D Funds Since Independence, The Irrawaddy, 2017*

¹¹ *Researchers in R&D per million people, World Bank, 2017*

¹² *Enactment of New IP Laws in Myanmar, Tilleke & Gibbins, 2018*

6. Supply Chain Environment

Executive Summary

Traditionally, Myanmar's economy has been heavily focused on agriculture. In recent years, Myanmar has been slowly shifting to a more industry and services focused economy, with the help of foreign investments. Garment, oil & gas, precious stones and metals industries are among the key target industries for foreign investments.

Myanmar has an abundance of natural resources and raw materials. However, due to the lack of logistics infrastructure, the cost and time needed to transport these materials within and out of the country are high. To modernise the country's economy and infrastructure, the Burmese government has enacted reforms and programmes designed to attract domestic and foreign investments.



6. Supply Chain Environment

I. Industry Profiles in Myanmar

Breakdown of 2018's Top 10 Exports^{1,2}

Myanmar's major sectors by gross domestic product (GDP) in 2017 are services (40.3%), industry (35.6%) and agriculture (24.1%).

In Myanmar, the service sector mainly includes tourism. The major industries are garment, oil & gas, mining and agriculture. The primary products dominating the agricultural industry are rice, beans and nuts, fish and fish products, and sugar.

In 2018, Myanmar's total global shipments amounted to USD 15.4 billion of which over 80% were contributed by its top 10 exports.

| Product Groups (Note) | Value in 2018 | % of Total Exports |
|---|-------------------|--------------------|
| 1. Mineral fuels including oil | USD 3,530 million | 23.0% |
| 2. Apparel and clothing, not knitted or non-crocheted | USD 3,135 million | 20.4% |
| 3. Apparel and clothing, knitted or non-crocheted | USD 1,416 million | 9.2% |
| 4. Other commodities | USD 1,013 million | 6.6% |
| 5. Ores, slag, and ash | USD 1,007 million | 6.5% |
| 6. Copper, copper articles | USD 812 million | 5.3% |
| 7. Edible vegetables and products | USD 471 million | 3.1% |
| 8. Footwear and related products | USD 448 million | 2.9% |
| 9. Precious stones and metals | USD 441 million | 2.9% |
| 10. Fish and other seafood | USD 375 million | 2.4% |

Note: The above categories are grouped based on the Harmonized Commodity Description and Coding System (HS Code). For specific items within each category, please refer to the following link: www.censtatd.gov.hk/trader/hscode/index.jsp

Agriculture remains one of the most important sectors in Myanmar as it employs around 50% of the total labour force (and up to 70% in rural areas). Rice fields occupy 60% of cultivated lands and produce 97% of the total agricultural output by weight.

In Myanmar, the garment, energy, and precious stones industries are also important drivers of economic growth, and are also major targets of foreign direct investment.

II. The Key Supported Industries in Myanmar³

Since the transition to a civil government in 2015, Myanmar has been actively promoting foreign investments. Both the Myanmar Investment Law (MIL) and the Myanmar Companies Law (MCL) aim to promote more foreign investments into certain industries. From 2011-2018, Hong Kong was the fifth highest source of foreign direct investment (FDI) into Myanmar, with USD 1.7 billion invested into the country. Together, Mainland China and Hong Kong account for over 35% of Myanmar's FDI since 1988.

Agriculture, transport, communications, energy, garment, precious stones, and other manufacturing industries are amongst Myanmar's incentivised industries for foreign investments. This section will focus mainly on the growing garment and precious stones industries.

A. Supply Chain Policy for Key Supported Industries and Local Supply Situations^{4,5}



Garment

Most garment production in Myanmar is done under the Cut, Make and Package (CMP) process. In the CMP process, all the raw materials are imported by overseas customers, who also provides design, pattern and instructions. The fabrics are then cut, sewn and packed in local factories, before exporting to the customers. The only payment necessary in this process is a CMP charge paid by overseas customers to the Myanmar garment factories, providing a way for local manufacturers to avoid foreign exchange settlements (a major hurdle for importation in Myanmar).

Major overseas customers for the CMP process include companies in Mainland China, Japan, and Korea.

Currently, 283 companies are registered as CMP companies under the Myanmar Garment Manufacturers Association (MGMA). To be registered, a company must be clearly distinguished as a CMP business (separated from any non-CMP businesses), and export 100% of its CMP products.



Precious Stones
and Metals

Mainland China is one of the largest export markets for Myanmar's precious gemstones. Between 2012 and 2016, the Natural Resource Governance Institute (NRGI) reported sales averaging USD 1.2 billion annually. However, around 80% of the raw stones in Myanmar are sold through unofficial channels, as the only official sales channel is the biannual Myanmar Gems Emporium (last held in March 2019). Mainland China itself reported importing USD 2.6 billion per year between 2012 and 2016, and the NRGI itself estimates the actual sales of gemstones to be between USD 3.7 billion and 43.1 billion, with all these figures higher than the official reported number.

In addition, the jade and gemstone industry in Myanmar currently mainly focused on exporting raw stones. Value-added products such as processed stones or jewellery are not yet able to be manufactured in the country.

The Myanmar government is drafting new policies to better regulate the industry, provide more avenues for sales, and opportunities to grow the industry beyond just exporting raw materials.

III. Key Raw Materials Sourcing Platforms/Channels

There are no major official B2B sourcing platforms in Myanmar.

The primary B2B e-commerce platform is BaganMart.com, which is run by a local startup called Bagan Hub. BaganMart.com helps connect local buyers and sellers, and provides a platform for product sourcing in Myanmar.

IV. Procurement Situation (local and overseas) of Raw Materials

A. Hurdles or Problems Encountered

Myanmar is considered to be one of the last frontier markets in Asia, boasting an abundance of natural resources and a large labour force. In addition, Myanmar is strategically well located between the key economies of Mainland China, India, and Southeast Asia, and is a key country of Mainland China's Belt and Road Initiative (BRI). Myanmar is expected to benefit from an influx of foreign investments, which will drive economic growth.

However, some major hurdles pose issues to foreign investors wishing to do business in Myanmar:

- The first foreign investment law was only enacted in 2012, replaced by the MIL in 2016. The lack of transparency and protection in this investment law and the ongoing political turmoil hinders foreign investments;
- Years of economic isolation has left Myanmar with few skilled workers and low productivity; and
- The country's weak infrastructure and logistics facilities increase the time and costs required for both imports and exports.

According to a 2019 report by the World Bank, Myanmar ranked 171st out of 190 countries in Ease of Doing Business, and is ranked last out of the ASEAN countries (Hong Kong is ranked fourth in the same report). However, Myanmar has been enacting reforms to improve the ease of doing business, and has improved from a 2014 ranking of 177.

B. Efficiency of Customs and Clearance Process^{6,7}

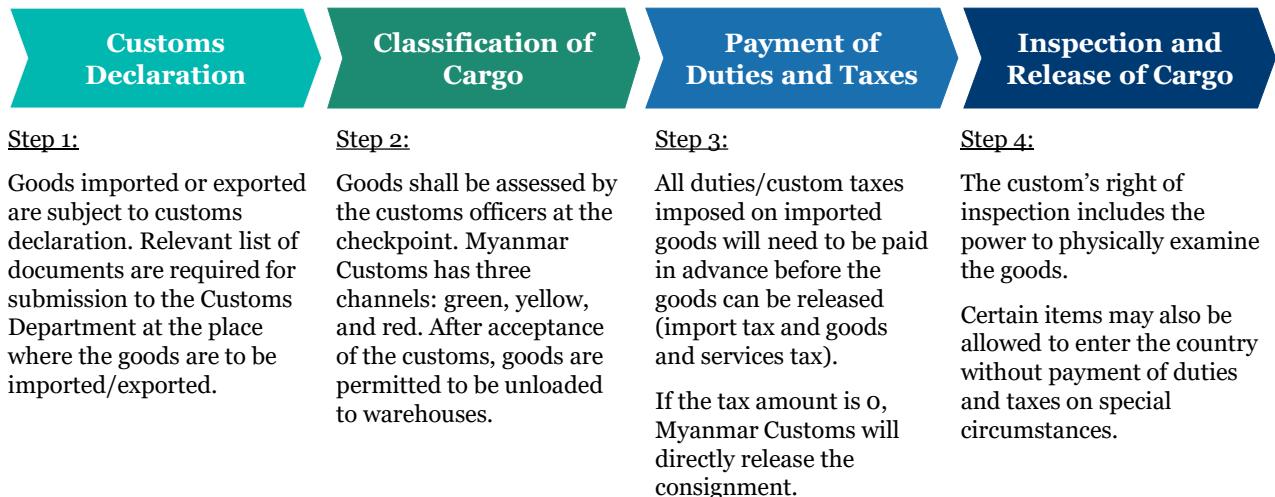
Myanmar applies three systems of tariff classification. The 8-digit ASEAN Harmonised Tariff Nomenclature (AHTN) is used for trade transactions between Myanmar and the other ASEAN countries, whilst the 6-digit Harmonised Commodity Description & Coding System (commonly known as the HS Code) applies to trade with non-ASEAN countries. The Myanmar Customs Tariff 2017 additionally adds two more digits to the AHTN for a 10-digit system. All imported and exported goods into/from the country must be categorised based on the Myanmar Customs tariff number.

All the goods imported are liable for Commercial Tax (CT), unless specifically exempt. All businesses must register for CT one month before commencement of business, and CT will be collected along with any customs duty by the Customs Department upon importation. Certain goods may also be subject to a Specific Goods Tax (SGT). For more information on CT and SGT, please refer to section 3 of this report.

Import licenses are issued by the Department of Trade of the Ministry of Commerce, and can be applied online through the Myanmar Trade Net. Certain products will require a recommendation from a relevant ministry or agency. For a full list of products requiring recommendation for an import license, please refer to the Myanmar National Trade Portal (www.myanmartradeportal.gov.mm).

In 2016, the government launched the Myanmar Automated Cargo Clearance System (MACCS), designed to automate parts of the customs process. The MACCS is connected to the Trade Net licensing system and the Port Authority's system. Importers can submit import declaration certifications (IDC) through the MACCS system.

Custom Clearance Process



The following table shows the supplementary documents needed for customs declaration:

| Import and Export Goods | |
|-------------------------|--|
| 1 | Invoice |
| 2 | Packing list |
| 3 | Sales contract |
| 4 | Bill of lading |
| 5 | Import license or permit, if required |
| 6 | Any other documents required for specific products |

V. Logistics Support

A. Infrastructure Conditions (e.g. major airports/ports/highways)⁸

Myanmar is well-positioned to be a key transportation hub with its strategic location between Mainland China, India, and many other Southeast Asian countries. However, its transport infrastructure network is relatively weak. The Asian Development Bank (ADB) estimates that USD 45-60 billion of investments are needed to upgrade the infrastructure network. To address this issue, the government created the National Logistics Master Plan, which aims to develop six logistics corridors, and build and upgrade their logistics facilities and transport infrastructure.



Airports

Myanmar has seen steady growth in air traffic. It grew from 7.6 million to 9.2 million passengers per year between 2014 and 2016, and is expected to reach 30 million by 2030.

Myanmar has a total of 69 airports, of which only three are international airports: Yangon International Airport (RGN), Mandalay International Airport (MDL), and Nay Pyi Taw International Airport (NYT). A fourth international airport, Hanthawaddy International Airport, is under construction, and is expected to be completed in 2022.

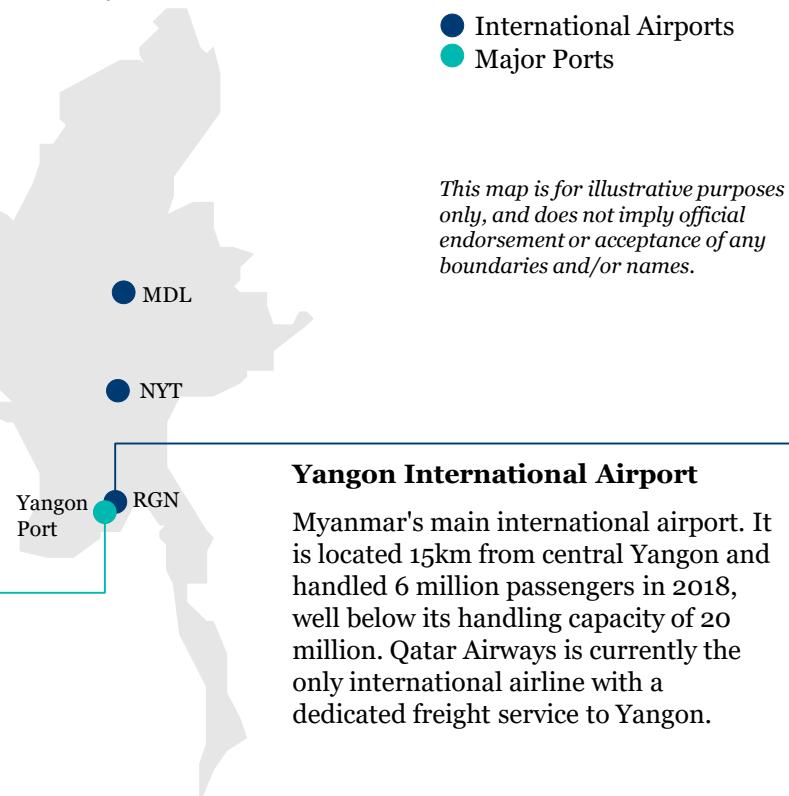


Seaports

Myanmar has nine international ports for seaborne and coastal trade, the largest of which is Yangon Port. The Hong Kong logistics company Kerry Logistics, together with a local Myanmar company, developed two dry ports, Ywar Thar Gyi in Yangon and Myit Nge in Mandalay, both of which started operating in 2018.

Myanmar also has an extensive river network, which is well placed to serve as the primary transport corridor connecting the country. The government announced plans in 2017 to develop six inland maritime port terminals.

Location of Major Airports and Seaports in Myanmar



Yangon Port

Despite only being a river port, Yangon Port is the largest port in Myanmar, and handles 90% of the import and export cargo in Myanmar, with the other ports mostly having minimal operations. Yangon Port handled over 1.2 million TEU (twenty-foot equivalent units) in 2018. Common destinations for cargo from Yangon Port are the Port of Singapore and Port Klang in Malaysia.

6. Supply Chain Environment



Highways

Myanmar's road network is 152,000 km long, but only about 39,000 km (26%) is paved. There are nine major highways in Myanmar, with one expressway connecting Yangon and Mandalay, the two largest cities in Myanmar.

The Yangon-Mandalay expressway is the only expressway in Myanmar. It was opened in 2010 and spans over 587km. There is currently a plan to build a network of ring roads around Yangon, with construction expected to start in 2021.



Railways

The railway system in Myanmar is run by the state-owned Myanmar Railways, and covers around 6,000 km, the longest in ASEAN. The majority of railways in Myanmar are single-tracks, which suffer from poor maintenance.

Myanmar Railways commenced a reform programme in 2016 to upgrade railways with assistance from international agencies such as the Japan International Cooperation Agency and the Import-Export Bank of Korea. The four main projects are the Yangon-Mandalay railway, the Yangon circular rail, the Mandalay-Myitkyina railway, and railway bridges upgrade projects.

B. Key Logistics Hubs⁹

The Myanmar government aims to improve the logistics infrastructure network in the country through the National Logistics Master Plan. This is forecasted to increase the cargo handling capacity from 169 million tonnes in 2015 to 312 million tonnes by 2030.

The National Logistics Master Plan will require a total investment of around USD 30 billion, and focuses on six logistics corridors:

- North-South Corridor, connecting Yangon to Mainland China;
- Southeast Corridor, connecting Myanmar to Thailand;
- Trans-Myanmar Corridor, connecting Kyaukphyu in Rakhine State to Tachileik in Shan State;
- India Corridor;
- Main River Corridor; and
- Coastal Marine Corridor.

The Master Plan aims to upgrade existing or build new logistics infrastructure in these corridors, as well as establish a multimodal hub to improve connectivity in the country.

C. Logistics Information Tractability and Transparency¹⁰

Myanmar has very poor logistics performance as compared to the other ASEAN countries. In the 2018 World Bank's Logistics Performance Index (LPI), Myanmar was ranked 137th out of 160 countries for the overall LPI, a drop from 2016 result (ranked 113th out of 160). Myanmar ranked last amongst the ASEAN countries.

On a granular level, the LPI score is made up of six elements: (1) Customs; (2) Infrastructure; (3) International shipments; (4) Logistics competence; (5) Tracking and tracing, and (6) Timeliness. In all categories except Timeliness, Myanmar ranked last amongst all ASEAN countries.

6. Supply Chain Environment

Source:

¹ *Trade Map, International Trade Centre*

² *The World Factbook: Burma, Central Intelligence Agency*

³ *Myanmar tops poor nations' FDI league as China cash flows in, Nikkei Asian Review*

⁴ *Selected topics from the Japanese and Myanmar experience in CMP and industrial zone, JICA*

⁵ *New jade and gemstone policy expected to boost the industry, Myanmar Times*

⁶ *Guide to Importing Goods into Myanmar, Myanmar National Trade Portal*

⁷ *Customs Tariff of Myanmar 2017, Myanmar Customs Department*

⁸ *Myanmar Business Guide, PwC, 2018*

⁹ *Strategy to build up logistics sector, boost national transport plan revealed, Myanmar Times*

¹⁰ *Logistics Performance Index (LPI), The World Bank, 2018*

7. Infrastructure

Executive Summary

While Myanmar's rapid economic growth is projected to sustain its momentum in the future, there is a great need for large-scale investment in infrastructure. Myanmar needs to close its infrastructure gap urgently to further integrate with the global economy and to collaborate with neighbouring countries, in order to maximise its economic growth.

Myanmar is in the process of developing industrial zones and three Special Economic Zones with the hope of encouraging industrialisation, and offering incentives for businesses that choose to locate within those zones.

Overall, Myanmar will need to invest USD 224 billion to build or upgrade its infrastructure over the 2016-2040 period. However, it is forecasted that by 2040, less than 50% of the country's infrastructural needs will be met.



7. Infrastructure

I. List of Major Industrial Parks or Zones and Geographical Locations

A. Availability of Infrastructure, Associated Cost of Usage, and Options for the Major Industrial Parks or Zones^{1,2,3}

Myanmar currently has 69 industrial zones covering a total area of 25,000 acres of active industrial land. However, over 25% of existing zones are aging and low quality sites located outside of Yangon. In Myanmar, Yangon Region is still home to the majority of the country's active industrial estates: as of December 2018, around 65% of operational industrial estates are located within the region.

Support and Incentives

In Myanmar, there are three key factors to consider when analysing industrial zones: 1) the available infrastructure such as reliable electricity supply and health care facilities; 2) transportation connectivity; and 3) government incentives.

Utilities

Manufactures choosing to locate their operations in Myanmar will be faced with aging industrial zones offering unreliable power supply or poor access to transportation networks. They will also be confronted by a lack of supporting infrastructure such as staff housing, fire stations or information and technology (IT) infrastructure, especially in the state-developed industrial zones.

Transportation

In Myanmar, roads conditions can vary heavily from one industrial zone to another. Some zones offer paved roads which are well-maintained and can support heavy trucks (including container trucks). However, some road sections leading into individual factories within industrial parks can be in poor condition. In addition, a lack of street lights, potholes created by heavy trucks, or the poor drainage infrastructure can complicate driving at night or during the monsoon season.

Government Incentives

Myanmar and Mainland China signed a memorandum of understanding for the China-Myanmar Economic Corridor in 2019, as Mainland China intends to boost bilateral trade and investment ties with the country. The collaboration is expected to benefit the development of industrial estates in central and upper Myanmar.

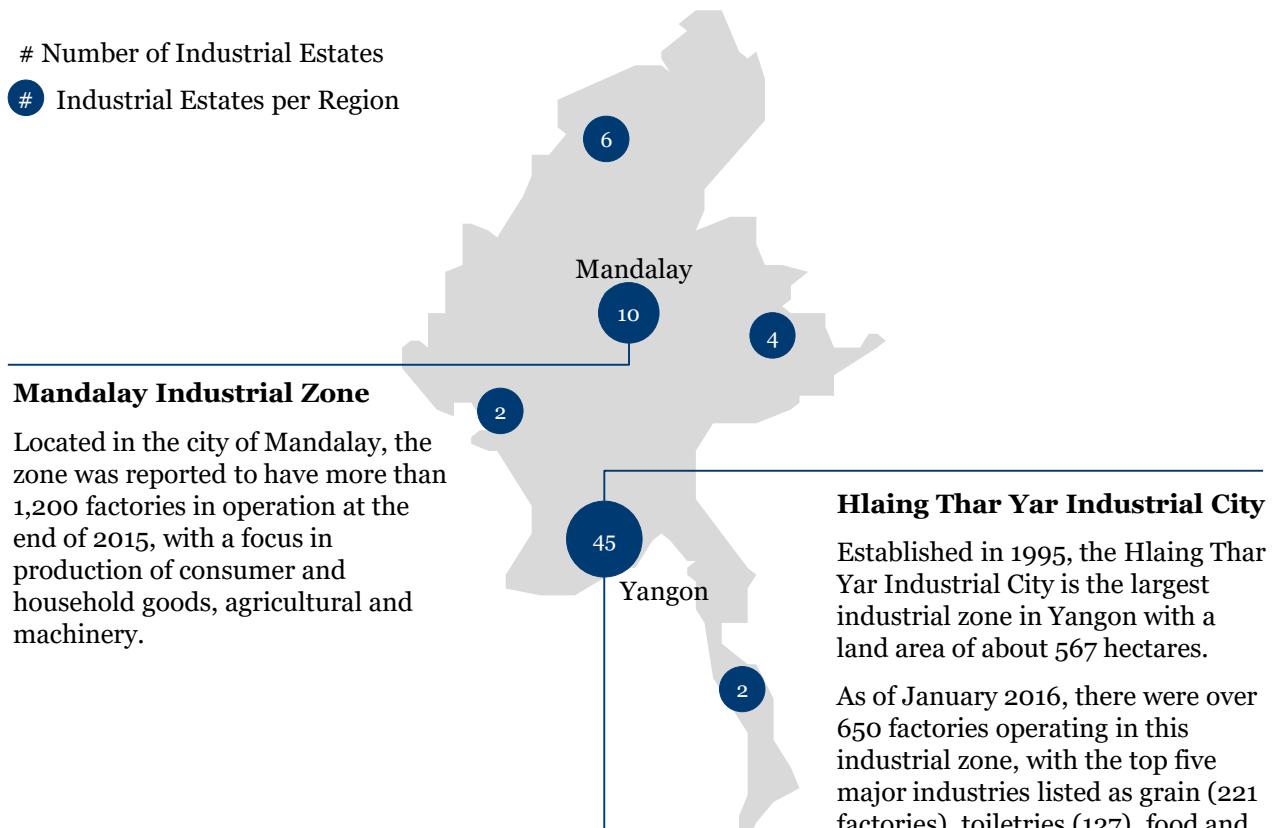
In 2014, the Myanmar Special Economic Zone Law (SEZ Law) was established to facilitate investment in three SEZs: 1) Kyaukphyu SEZ in Rakhine State; 2) Dawei SEZ in the Thanintharyi Region; and 3) Thilawa SEZ. Currently, only the Thilawa SEZ in the Yangon region is fully operational. Manufacturers wishing to settle their operations in Myanmar's SEZs need to seek investment permits from the management committees of the SEZ. In addition, investors must also register their list of materials to be imported with the SEZ management committee.

List of Industrial Estates

Industrial zones were first introduced in the 1990s to foster the development of industrial clusters in Myanmar and encourage private sector participation in manufacturing activities. Many industrial zones host facilities which cater to manufacturers operating in specific sectors. Generally, industrial estates are fairly independent from the government and their daily operations are managed by their own Industrial Zone Committee which is composed of investors and representatives from public agencies.

Most of industrial estates are located near Yangon as it is a strategic location that benefits from Myanmar's most established infrastructure. Estates situated outside of Yangon face difficulties. Specifically, the Myotha Industrial Park in Mandalay Region and the Pathein Industrial City in Ayeyarwady Region suffer from poor transport connectivity to arterial highways and railroads owing to their locations. For a complete list of industrial estates in Myanmar, please refer to Appendix 1.

Major Industrial Estates in Myanmar



This map is for illustrative purposes only, and does not imply official endorsement or acceptance of any boundaries and/or names.

Foreign Direct Investment (FDI)^{4,5,6}

In 2017, among the world's least developed nations, Myanmar attracted the most FDI. In 2018, Myanmar received USD 5.7 billion in FDI for 222 projects, a 14% decrease compared with USD 6.6 billion for 135 projects in 2017.

As of June 2019, Singapore is Myanmar's largest FDI contributor with a 27% share, closely followed by Mainland China with 26%. The next five leading contributors, in order, are Thailand, Hong Kong, the United Kingdom, Korea and Vietnam. The industries attracting the most FDI vary depending on the laws that foreign enterprises choose to operate under. For example, the industry receiving most FDI under the MIL is the oil and gas industry (28% of total FDI under the MIL), whereas under the SEZ Law, the leader is the manufacturing industry (81% of total FDI under the SEZ Law).

Cost of Usage

Businesses and investors are typically charged with three main types of fees in industrial zones and SEZs:

1. Land price and land tax;
2. Management/maintenance fee; and
3. Water, electricity, waste management and other utilities.

The price of land (for both rent and sale) in industrial estates varies from one site to another depending on factors such as location, provision of utilities, transportation links as well as proximity and access to raw materials. Prices of land in industrial estates located in neighboring areas tend to be at similar levels. For more information on specific prices and contact information for each industrial zone, please refer to the Cost of Doing Business in Myanmar report published by the Directorate of Investment and Company Administration (DICA).

It is important to thoroughly evaluate industrial zones and SEZs in Myanmar closely in order to find a location that best suits an investor's criteria. Infrastructure and other facilities are often crafted to meet the needs of the targeted industries in that zone only. Investors in these industries are likely to benefit from these specialised facilities and infrastructure networks, while those operating in other industries may end up paying a premium for required facilities.

Outlook

Since Myanmar underwent significant economic, social and political reforms in 2011, investment conditions for businesses have become increasingly favourable, thereby attracting more private investment initiatives that have contributed to the country's significant growth.

Myanmar expects to receive more investments from Mainland China, Japan, and Korea, to generate more job opportunities and to see progress in local small and medium-sized enterprises. Overall, the growth of Myanmar's industrial zones is set to continue despite the many shortfalls and obstacles.

B. Land or Building for the Major Industrial Parks or Zones – Availability for Foreign Ownership and Terms^{7,8,9}

Until recently it was not possible for foreign investors to purchase property in Myanmar. In fact, the Transfer of Immovable Property Restriction Law specifically prohibited the sale of immovable property between citizens and foreigners. However, it is now possible to purchase non industrial land through the recent Condominium Law. Under the new law, a real estate investor may apply for a 70 year leasehold with a Myanmar Investment Commission's permit. However, this is restricted to larger investments and not the purchase of individual apartments or small plots of land.

Except for the above, the sale of any other type of land to foreigners is strictly prohibited.

Application Procedures for Setting up Business Operations in Industrial Estates

Special Economic Zones (SEZs)

Most foreign investors will generally choose to invest in SEZs rather than industrial zones. Currently, the only operational SEZ in Myanmar is the Thilawa SEZ. To benefit from the incentives offered by the zone, investors will need to incorporate their new company at the One Stop Service Centre of Thilawa SEZ. Below are the detailed step to start a business in this specific SEZ.

Starting a Business in Thilawa SEZ

- 1 Reserve the land with the Developer (i.e. Myanmar Japan Thilawa Development Co., Ltd. - MJTD)
- 2 Apply for investment approval to the Regulator (i.e. Thilawa SEZ Management Committee)
- 3 Incorporate the entity at the One Stop Service Center of the Thilawa SEZ. The incorporation takes one day.
- 4 Process for the application of Environmental Conservation and Protection Plan (ECPP), building permit, fire safety certificate, etc.

II. Potential Infrastructure Shortfall¹⁰

Quality of infrastructure is a concern for many businesses in Myanmar. According to the Myanmar Business Environment Index 2019 published by the Asia Foundation, only 49% of firms believe road quality and electrical power supply in Myanmar are good or very good. Additionally, power and transportation infrastructure can vary greatly across Myanmar. In general, infrastructure around Yangon and the capital of Nay Pyi Taw are better developed, while rural regions suffer power outages and unpassable roads frequently. These issues provide a huge hurdle to investors wishing to do business in Myanmar.

Land prices in Myanmar also pose a large problem for investors wishing to do business in industrial zones. Many owners of land plots in industrial zones do not develop the land, but instead hold on to it in the hope that improving investment regulations will lead to an influx of investors, particularly from Mainland China. This has led to much of the land in the industrial zones being left idle and undeveloped in the hope that prices will continue to rise. This issue is especially problematic in the Yangon Region.

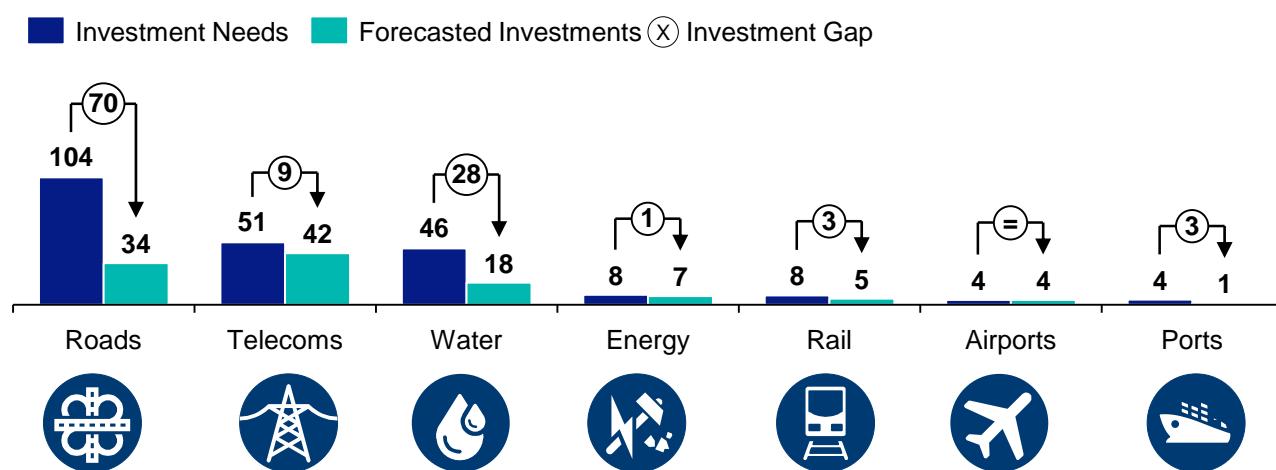
Myanmar was not ranked in the 140 countries in the World Economic Forum's 2018 Competitiveness Report, while all other ASEAN countries were. This is due to the poor infrastructure and lack of development in Myanmar over the past few decades under military rule.

III. Latest and Upcoming Major Local Infrastructure Projects and Spending^{11,12}

The development of infrastructure is an important requirement to be able to realise Myanmar's economic potential and sustain the country's economic growth.

While Myanmar's economic growth is projected to sustain its momentum in the future, there is a great demand for large-scale investment in infrastructure. From 2016 to 2040, around USD 224 billion will be needed to finance all infrastructure projects planned by the government (see chart below for breakdown by sector). Over the period it is forecasted that Myanmar's public and private sectors will invest USD 111 billion, therefore covering less than 50% of the country's needs.

Myanmar's Infrastructure Investment Needs 2016-2040 per Sector (USD billion)



For the comprehensive list of projects, please refer to Appendix 2.

Transportation

Air



At present, Myanmar has three international airports in Yangon, Mandalay, and Nay Pyi Taw. The government plans to transform more domestic airports into international airports in order to handle the growing number of investors and tourists. A fourth international airport, Hanthawaddy, is currently being built in the Bago region and is scheduled to be completed in 2022.

Ports



Given Myanmar's strategic trade location, the development of port facilities is another attractive investment opportunity for potential investors. The port of Yangon, a downtown river port, which handles about 90% of Myanmar's external trade needs upgrading. Given the rather shallow draft of the rivers surrounding central Yangon, the port is not deep enough to receive large container ships. Frequent cargo ship congestion around the port areas is reported as a result of ongoing growth in trade volumes, poor port infrastructure, and inefficient cargo handling processes. The many river networks in Myanmar can also be developed to provide an alternative form of domestic transportation.

Rail



The railway sector in Myanmar is currently a monopoly operated by state-owned Myanmar Railways. According to the Asian Development Bank's (ADB) initial assessment of the railway sector, the rail network is in poor condition and basic maintenance, such as track renewal replacement of sleepers, and upgrading of signalling and communications systems, has been inadequate. The government has committed to improving railway sections such as the Yangon-Mandalay-Myitkyina section and the Bago-Mawlamyine section, to increase connectivity within the country.

Roads



The current road network is insufficient to service the country. The ADB estimates that Myanmar needs to increase its road network from 152,000 km to about 260,000 km in order to connect all the villages. The government has indicated that immediate priority will be given to infrastructure projects to improve land connectivity and transportation links with neighbouring countries.

Utilities

Power



There are significant investment opportunities for both foreign and domestic companies to invest in power generation, transmission and distribution. Myanmar faces a shortage of power supply to meet the demands of over 60 million people. According to the World Bank, only 57% of Myanmar's population has access to electricity.

Water



Myanmar is rich in water resources. It has more water per capita than its neighbouring countries, and the country is still to a large extent unspoiled. However, although Myanmar has abundant water resources at the national scale, the main obstacle is the inability to access water and manage it locally. Both droughts and floods negatively affect livelihoods and economic development. The national government has indicated that highest priority will be given to infrastructure projects that boost economic integration, such as developing deep seaports and dredging the inland waterways.

Telecommunications

Myanmar's telecom infrastructure is another area that needs development. According to the International Finance Corporation (IFC)'s calculations, another 10,000 additional telecommunications towers are required to provide Myanmar with full coverage.



The development of telecommunications remains a fundamental pillar in the evolution of Myanmar's economy, and supports the development of other sectors, particularly in financial services. With huge investments in just two years from countries such as Japan, Norway, and Qatar, the telecommunications sector is one of the leading sectors for foreign direct investment in Myanmar.

Funding Infrastructure through Public-Private Partnership

Myanmar urgently needs to close its infrastructure gap, to further integrate with the world economy, and to collaborate with neighboring countries in order to maximise its economic potential growth resulting from investments from the ASEAN Economic Community (AEC) and Mainland China's Belt and Road Initiative (BRI). An important source of investment is private investors, and the government welcomes investments under the Build-Operate-Transfer (BOT) model, or other Public Private Partnership (PPP) agreements.

According to the Myanmar PPP Policy Document, the Myanmar government is "committed to improving the level and the quality of economic and social infrastructure services across the country and is seeking to develop a substantive role for PPP as a means of promoting private sector participation in the provision of public infrastructure and public services."

IV. Availability of Natural Resources

| Natural Resource | Details |
|--|--|
| Natural vegetation, forests and timber | <ul style="list-style-type: none"> Around 42% of Myanmar's total land area is forests, mainly deciduous and temperate evergreen trees Timber is one of the most important natural resources in Myanmar, specifically Myanmar Teak |
| Agriculture | <ul style="list-style-type: none"> In 2017, agriculture contributed to 24% of the country's GDP Myanmar's agricultural crops include rice, beans and nuts, fish products, and sugar |
| Fishing/ Aquaculture | <ul style="list-style-type: none"> Fishing occurs in both the Bay of Bengal and the freshwater rivers (e.g. Irrawaddy, Chindwin, Sittaung, and Thalwin) Dried and salted fish are also an integral part of the country's cuisine |
| Livestock | <ul style="list-style-type: none"> Livestock are raised for both food and labour purposes, including cattle, water buffalo, goats, sheep, oxen, chickens, and pigs Locations where livestock is raised significantly vary depending on the agro-ecological climate |
| Water resources | <ul style="list-style-type: none"> Myanmar has abundant water resources According to the World Health Organization, in 2015, an estimated 68% of the population had access to drinking water Myanmar's water bodies are facing increasing pollution from agricultural chemicals, and both droughts and floods negatively affect livelihoods and economic development |
| Minerals | <ul style="list-style-type: none"> Myanmar has extensive mineral resources including metallic minerals such as copper, gold, lead, tin, tungsten, zinc, nickel and silver, as well as precious stones including jade, ruby, sapphire and diamond Myanmar remains largely unexplored and many of the deposits of natural resources are located in ethnic areas of the country where long-running ethnic conflicts have often generated war economies |
| Coal, oil and fossil fuels | <ul style="list-style-type: none"> Myanmar is a natural gas producer and exports to Thailand and Mainland China Oil and Gas is one of the largest FDI industries in Myanmar, accounting for 28% of total FDI Supply of oil and gas does not fully meet the country's demand Since Myanmar opened up to foreign exploration, significant investment has been made using updated technology to locate new sources |
| Renewable energy | <ul style="list-style-type: none"> Hydropower is an important component of Myanmar's current and future power generation strategy However, there is widespread opposition to hydropower development. There are concerns that dams will disrupt flow, threaten fisheries and damage livelihoods and ecosystems Biomass is the major energy supply for cooking and heating in rural areas Myanmar is also working on utilising solar and wind energy to fulfil the additional energy requirements of the country |

7. Infrastructure

Source:

¹ *Myanmar Industrial Zone Review, FMR, 2018*

² *Special Economic Zones, DICA*

³ *Myanmar Rising: Industrial and Special Economic Zones, HKTDC*

⁴ *Myanmar tops poor nations' FDI league as China cash flows in, Nikkei Asian Review, 2018*

⁵ *FDI forecast to hit USD 5.8B in 2018-19, Myanmar Times, 2018*

⁶ *Foreign Investments by Sector and Country, DICA*

⁷ *The Transfer of Immoveable Property Restriction Act (1987)*

⁸ *Parliament Passes Condominium Law*

⁹ *Setting Up a Business in SEZ – Thilawa*

¹⁰ *The Myanmar Business Environment Index 2019*

¹¹ *Forecasting infrastructure investment needs and gaps, G-20, 2017*

¹² *Myanmar Business Guide, PwC, 2018*

8. Types of Industries Encouraged by the Local Government

Executive Summary

Domestic and foreign investments in Myanmar are regulated by the Myanmar Investment Law (MIL) which came into effect in 2016. The law, along with supplementary government notifications, aims to promote investor's participation in specific industries in Myanmar.

The investment law and notifications also provide an exhaustive list of business activities which foreign participation is either prohibited or restricted in Myanmar.



8. Types of Industries Encouraged by the Local Government

I. *List of Government Programmes Encouraging Specific Industries¹*

In 2018, Myanmar's government drafted the Myanmar Investment Promotion Plan (MIPP) with the aim of attracting more than 38 billion USD in foreign direct investment (FDI) between 2020 and 2035. To meet this target, the Myanmar Investment Commission (MIC) enacted a number of policies to encourage investment in relevant industries.

The Myanmar Investment Law (MIL)^{2,3}

The MIL, enacted in 2016, consolidates and replaces the Foreign Investment Law (2012) and the Myanmar Citizens Investment Law (2013). The MIL, coupled with the Notification No. 35/2017 of Myanmar Investment Rules (MIR), provides guidance for domestic and foreign investments in the country. In order to encourage foreign investments, the government provides various incentives to companies operating in the sectors listed below.

List of Industries Encouraged by the Government



Agriculture and
Related Services



Plantation and
Conservation of
Forests



Power and
Renewable Energy



Education



Healthcare



Construction of
Roads, Bridges,
Railways, Ports,
etc.



Establishment of
Industrial Zones and
New Urban Areas



City Development
Activities



Manufacturing
(Note)



Aircrafts and
Airports



Supply and
Transport Services



Information
Technology Services



Telecommunications



Technology and
Innovation



Hotel and
Tourism

Note: The Notification No.13/2017 of the MIL explicitly states that the manufacturing of cigarette, liqueur, beer, and other products harmful to health are excluded from the promoted sector list.

To view the complete list of investment activities included in the promoted sectors, please refer to the relevant law and rules (The Myanmar Investment Law and Notification No. 13/2017) or visit the website of the Directorate of Investment and Company Administration (www.dica.gov.mm).

II. List of Business Activities that Foreign Participation may be Prohibited or Restricted from^{4,5}

In Myanmar, some activities are restricted for foreign investors. The current restrictions are provided in the Myanmar Investment Commission's (MIC) Notification No. 15/2017. The notification categorises activities that foreign businesses are prohibited or restricted from engaging in as follows:

- 1) Investment activities allowed to be carried out only by the government;
- 2) Investment activities in which foreign investment is prohibited;
- 3) Investment activities in which foreign investment is permitted only through a joint venture with Myanmar citizens; and
- 4) Investment activities in which foreign investment is required to obtain approval from relevant ministries.

In addition, activities that are strategic to the government, capital intensive, impact the environment or local communities, utilise state-owned land or property, or otherwise designated by the government; will require to obtain MIC permits.

Lists of Prohibited or Restricted Industries Under the Myanmar Investment Law (Part 1/3)

| Category | Status | List of Prohibited or Restricted Industries |
|----------------------------|---|---|
| List One | Activities allowed to be carried out only by the government | <ul style="list-style-type: none"> • Manufacturing of products for security and defence; • Manufacturing and related services of arms and ammunition; • Issuing of national postage stamps, the establishment and hiring of post office and post boxes; • Air Traffic Services; • Pilotage Services; • Management of natural forest except business relating to reduction of carbon emission; • Feasibility study and production of radioactive metals; • Administration of electric power system; and • Inspection of electrical works. |
| List Two (to be cont'd) | Activities in which foreign investment is prohibited | <ul style="list-style-type: none"> • Publication and distribution of periodicals in ethnic languages; • Fresh water fisheries and relevant services; • Establishment of quarantine stations for the exportation and importation of animals; • Pet care services; • Manufacturing of forest products from forest areas and government administered natural forest; • Prospecting, surveying, performing feasibility study and developing minerals for small and medium scale businesses; |

8. Types of Industries Encouraged by the Local Government

Lists of Prohibited or Restricted Industries Under the Myanmar Investment Law (Part 2/3)

| Category | Status | List of Prohibited or Restricted Industries |
|------------------------------|--|--|
| List Two (cont'd) | Activities in which foreign investment is prohibited | <ul style="list-style-type: none"> • Refinement of minerals by small and medium scale; • Printing and issuing stickers for visa and stay permits for foreigners; • Prospection, exploration, and production of jade/gem stones; • Tour-guide services; and • Mini-market, convenience store. |
| List Three (to be cont'd) | Activities in which foreign investment is permitted only through a joint venture with Myanmar citizens | <p><u>Manufacturing and Consumer Goods:</u></p> <ul style="list-style-type: none"> • Manufacturing and distribution of: <ul style="list-style-type: none"> ○ Plastic products; ○ Chemicals based on available natural resources; ○ Flammable solid, liquid, gaseous fuels and aerosol; oxidants and compressed gases; corrosive chemicals and industrial chemical gases; ○ Value added cereal products such as biscuits, wafers, noodles; ○ Malt and malt liquors; ○ Purified drinking water and purified ice; ○ All kinds of confectionary including sweets, cocoa, and chocolate; ○ All kinds of soap; and ○ All kinds of cosmetic products. • Manufacturing, distilling, blending, rectifying, bottling and domestic distribution of all kinds of spirits, alcohol, non-alcoholic beverages; and • Processing, canning, manufacturing, and marketing food products, except milk and dairy products. <p><u>Real Estate:</u></p> <ul style="list-style-type: none"> • Development, sale and lease of residential apartments and condominiums. |

8. Types of Industries Encouraged by the Local Government

Lists of Prohibited or Restricted Industries Under the Myanmar Investment Law (Part 3/3)

| Category | Status | List of Prohibited or Restricted Industries |
|------------------------|--|--|
| List Three (cont'd) | Activities in which foreign investment is permitted only through a joint venture with Myanmar citizens | <p><u>Services:</u></p> <ul style="list-style-type: none"> • Local tour services; and • Transportation agency to overseas hospitals. <p><u>Others:</u></p> <ul style="list-style-type: none"> • Research activities related to fishery; • Veterinary clinics; and • Cultivation of crops in agriculture land, and the distribution of such products to local markets or exports to foreign markets. |
| List Four | Activities in which foreign investment is required to obtain approval from relevant ministries | <p><u>Ministry of Transport and Communications:</u></p> <ul style="list-style-type: none"> • Production and distribution of radar communications items and related equipment, mobile handsets and telephones; • Construction of new railway track, stations, etc.; • Train operations; • Services for port and waterway (e.g. coastal and inland water transport service for passenger); and • Postal and telecommunications services. <p><u>Ministry of Health:</u></p> <ul style="list-style-type: none"> • Private hospitals, clinics, diagnostic services, and production of pharmaceuticals; and • Research on vaccine and diagnostic test kit production. <p><u>Ministry of Information:</u></p> <ul style="list-style-type: none"> • Cable television; and • Broadcasting programmes. <p><u>Ministry of Commerce</u></p> <ul style="list-style-type: none"> • Retailing and wholesale services. |

To view the complete official list outlining prohibited and restricted sectors, please visit the website of the Directorate of Investment and Company Administration (www.dica.gov.mm).

8. Types of Industries Encouraged by the Local Government

Source:

¹ *Myanmar Investment Promotion Plan, Myanmar Investment Commission*

² *Myanmar Investment Law, Assembly of the Union*

³ *Notification No.13/2017, Myanmar Investment Commission*

⁴ *Notification No 15/2017, Myanmar Investment Commission*

⁵ *Myanmar Business Guide, PwC*

9. Key Government Incentives

Executive Summary

The main government incentives are provided by the Myanmar Investment Commission (MIC) under the Myanmar Investment Law (MIL). The MIC provides various tax incentives for investments in different industries and geographical areas.

To encourage foreign investments and promote industrial development in the country, the government approved the development of three Special Economic Zones (SEZs), as well as a number of industrial zones. Out of the three SEZs, only one is operational at the moment, the other two are still under construction.



9. Key Government Incentives

I. *Eligibility on Incentive Programmes for Foreign Investments*

Myanmar Investment Law (MIL)^{1,2}

In Myanmar, the main investment law governing foreign direct investment (FDI) is the MIL enacted in 2016. The MIL specifies various investment incentives that can be granted to foreign investors who invest in promoted sectors. For more information on promoted industries, please refer to section 8. Investors that invest in the promoted industries will then receive incentives based on the location of their businesses, according to Notification No. 10/2017. This Notification was enacted by the Myanmar Investment Commission in Feb 2017, and classifies three types of development zones:

- 1) Zone 1 consists of the least developed areas of the country, including 166 townships in 13 states and regions;
- 2) Zone 2 consists of moderately developed areas, including 122 townships in 10 states and regions, and the Nay Pyi Taw Union Territory; and
- 3) Zone 3 consists of well developed areas, including 46 townships around the largest cities of Yangon and Mandalay.

The investment incentives differ based on the development zone in which a company is doing business, with Zone 1 receiving the most incentives and Zone 3 receiving the least.

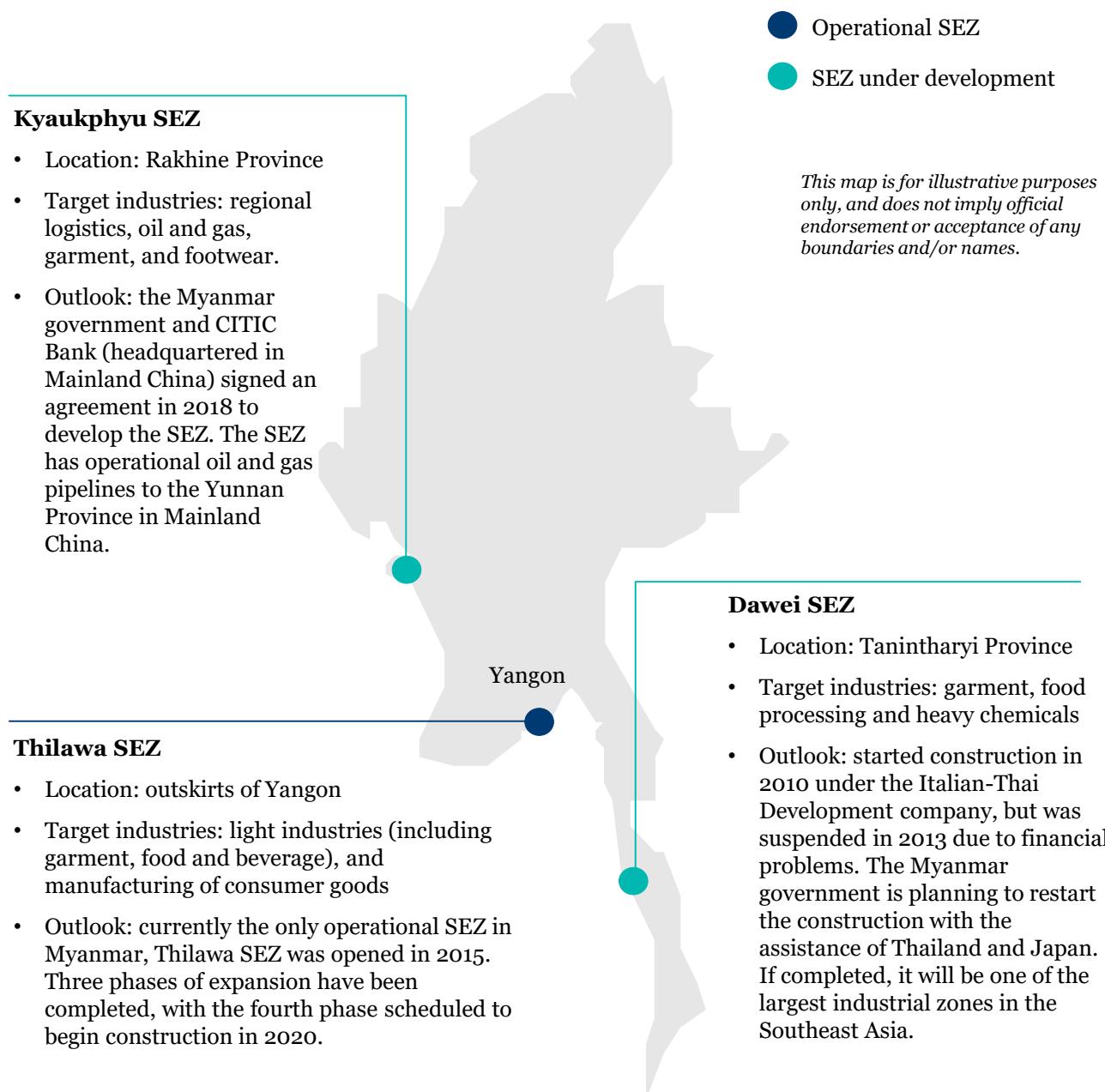
| Category | Incentives |
|-------------------|--|
| Tax Holiday | Promoted business activities may be eligible for tax holidays based on their location: <ul style="list-style-type: none"> • Zone 1: 7 years; • Zone 2: 5 years; and • Zone 3: 3 years. |
| Tax-free Profit | Corporate income tax (CIT) exemption for profits reinvested within a year |
| Income Tax | Foreigners taxed at the same rate as local citizens |
| R&D | May deduct research and development (R&D) costs from assessable income |
| Customs Duty | Exemption of customs duty for imports of: <ul style="list-style-type: none"> • Machinery, equipment, construction materials used for construction and expansion; and • Raw materials, if products are exported after production or processing. |
| Import Tax Refund | For goods exported, customs duty, and other taxes paid on the import of raw materials will be refunded. |

II. Scope of Special Economic Zone Schemes and Geographical Location

Special Economic Zones (SEZs)^{3,4}

SEZs were first proposed in Myanmar in 2010 to foster the country's industrialisation. Currently there are three approved SEZs, with one operational (Thilawa SEZ) and two under development (Dawei SEZ and Kyaukphyu SEZ). Any businesses except those in certain prohibited industries may be located in an SEZ. Prohibited industries include military-related production and services, production or processing of products harmful to the environment, and production or processing of products harmful to human health. For a detailed list, please refer to the official Thilawa SEZ website (www.myanmarthilawa.gov.mm/types-business).

Geographical Locations of Special Economic Zones



9. Key Government Incentives

Investment Incentives Available in Special Economic Zones (SEZs)

SEZs are separated into two types of zones, Free Zones and Promotion Zones. Free Zones are for production of goods destined for export, while Promotion Zones are for businesses related to domestic sales.

| Category | Free Zone | Promotion Zone |
|---|---|---|
| Tax holiday | 7 years of CIT exemption | 5 years of CIT exemption |
| | 50% CIT rate reduction for next 5 years | |
| | 50% CIT rate reduction for another 5 years if the profits are reinvested within 1 year | |
| Customs duty and other taxes | <p>Exemption from customs duty and other taxes on imports of:</p> <ul style="list-style-type: none"> • Raw materials used in production; • Machinery; • Construction materials for factories, warehouses and offices; and • Vehicles and other equipment required for business. | <p>Exemption from customs duty and other taxes for 5 years and 50% reduction for another 5 years on imports of:</p> <ul style="list-style-type: none"> • Raw materials used in production, if processed goods are exported; • Equipment used in the business; • Construction materials for factories, warehouses and offices; and • Vehicles and other equipment required for business. |
| Carry forward and offset against losses | Can be carried forward for 5 years | |
| Land lease | Up to 75 years (50 years initially, renewable for 25 years) | |

III. Other Government Support Funding Schemes, Including Both Local and Foreign Investments

Industrial Zones⁵

Industrial zones were first introduced in Myanmar in the 1990s, to promote industrial development in the country. Most of the existing industrial zones in Myanmar were developed in the 1990s and 2000s. There are currently over 60 industrial zones and parks, mostly concentrated around Yangon. This is largely due to the fact that Yangon has the most developed infrastructure and logistic facilities capable of handling trade.

Each industrial zone is managed by its own Industrial Zone Committee, and services available in each industrial zone can differ. Major industrial zones include the Mingaladon Industrial Park and Hlaing Thar Yar Industrial City, both of which located near Yangon.

Most foreign investors prefer to invest in SEZs due to industrial parks' poor infrastructure, logistics and transport facilities, and inadequate supporting facilities. This is particularly an issue for zones located far away from Yangon. For more information on the industrial zones, please refer to section 7 of this report.

Investment Incentives Available in Industrial Zones

| Category | Incentives |
|------------------------------|---|
| Tax holiday | <p>5 years of CIT exemption</p> <p>50% CIT rate reduction for next 5 years if the profits are reinvested within 1 year</p> |
| Customs duty and other taxes | <p>Exemption from customs duty and other taxes on imports of:</p> <ul style="list-style-type: none"> Raw materials used in production for 3 years; and Machinery and equipment used for construction. |
| Land lease | Up to 70 years |

9. Key Government Incentives

Source:

¹ *Myanmar Business Guide, PwC, 2018*

² *Myanmar Tax Booklet 2018, VDB Loi*

³ *Thilawa special economic zone to launch new phase, Bangkok Post, Jun 2019*

⁴ *Types of Business Allowed in the SEZ, Thilawa SEZ Management Committee*

⁵ *Myanmar Rising: Industrial and Special Economic Zones, HKTDC, Aug 2016*

10. Environmental Requirements

Executive Summary

The Ministry of Natural Resources and Environmental Conservation (MONREC) is the main regulatory body responsible for environmental policies and standards setting in Myanmar, with the Environmental Conservation Laws (2012) being the primary environmental law. Any foreign businesses wishing to invest or do business in Myanmar must abide by the Law.

Business with factories operating in Myanmar may encounter environmental hurdles or problems, such as historical pollution, license requirements, and environmental pollution.

There are environmental organisations and agencies available in Myanmar that can provide relevant environmental supporting services to those companies requiring assistances.



10. Environmental Requirements

I. Environmental Laws and Regulations in Myanmar^{1,2}

In Myanmar, the Ministry of Natural Resources and Environmental Conservation (MONREC) is the main body responsible for environmental policies and standards setting. The MONREC is a combination of the old Ministry of Mines and Ministry of Environmental Conservation and Forestry. The Environmental Conservation Department (ECD) under the MONREC is the organisation mainly engaged in environmental protection.

The Environmental Conservation Law was enacted in 2012, and is the primary environmental law in Myanmar. The Environmental Conservation Rules enacted in 2014, and National Environmental Quality (Emission) Guidelines enacted in 2015 are other supplementary environment-related regulations in Myanmar.

A. The Main Environmental Protection Administrations in Myanmar

Ministry of Natural Resource and Environmental Conservation (MONREC)¹

The MONREC is concerned with the preservation, conservation, rehabilitation of natural resources and environment, management and sustainable use of resources and implementation of other government services, which is made up of 13 departments including the Union Minister Office, Forest Department, Dry Zone Greening Department, Environmental Conservation Department, and Survey Department, etc. Of these departments, the ECD is the main body under the MONREC responsible for environmental protection.

Environmental Conservation Department (ECD)³

The ECD operates under the MONREC. The ECD's main duties and powers relating to environmental conservation includes the following:

- Implement the environmental conservation policies;
- Implement, carry out, and monitor programs for conservation and enhancement of the environment;
- Prescribe environmental quality standards including standards on emissions, effluents, solid wastes, production procedures, processes and products for conservation, and enhancement of environmental quality;
- Specify categories and classes of hazardous wastes generated from the production and use of chemicals or other hazardous substances through industrial process, agriculture, mineral production, sanitation and other activities;
- Specify categories of hazardous substances that may affect the environment significantly at present or in the long run;
- Prescribe a system of environmental and social impact assessments, to determine whether a project or activity may cause a significant impact on the environment; and
- Manage the penalties of polluters causing environmental impact.

B. The Main Environmental Legislation in Myanmar

The Environmental Conservation Law is the primary law on environmental protection in Myanmar. In addition, Myanmar has also issued the Environmental Impact Assessment Procedure (2015) which specifies the Environmental Impact Assessment (EIA) requirements, and the National Environmental Quality (Emission) Guidelines (2015) which outlines different environmental standards to comply with, including wastewater, noise, and air emissions, etc.

10. Environmental Requirements

Environmental Conservation Law^{2,3}

The Law stipulates the duties of the Ministry of Environmental Protection. The Ministry grants approval for specific projects involving natural resources development, industry, and other fields that require project approval. The Law further stipulates environmental-related responsibilities for enterprises designated in industrial zones and special economic zones, or enterprises designated by the Ministry of Environmental Protection.

Pollution Control

Businesses that cause pollution must install or use a facility or equipment to monitor, control, and reduce the environmental pollution. If this is impractical for the business, the business must instead arrange for the environmental wastes to be disposed using environmentally sound methods.

Penalties

Businesses violating the Environmental Conservation Law will be liable for a punishment of imprisonment for no longer than one year, a fine, or a combination of the two.

Businesses and factories that require project approval, but operate without such approval will be liable for punishment. This punishment may be imprisonment for no longer than three years, a fine between MMK 100,000 to MMK 1,000,000, or a combination of the two.

Environmental Impact Assessment Procedure (2015)

Environmental Impact Assessment (EIA)/Initial Environmental Examination (IEE)⁴

According to the MONREC of Myanmar, investment projects that may have a negative impact on the environment must submit an EIA in advance. Projects on a smaller scale and with less potential impact on the environment will only need to submit an IEE. The Environmental Impact Assessment Procedure specifies the investment project types which require an IEE or EIA. The EIA must be conducted by a third-party organisation with relevant qualifications. The MONREC is responsible for composing an Expert Committee made up of experts, government agencies, professional organisations, and other relevant society groups, to review EIAs.

Environmental Management Plan (EMP)^{2,5,6}

An EMP includes commitments and emission limit values for a project, feasible mitigation measures and monitoring activities for the identified adverse impacts, and the schedule and cost of those activities. The EMP can be prepared together with the IEE/EIA, or as a standalone plan.

In accordance with the Procedure, there are two types of EMPs to be prepared, the Construction Phase EMP and the Operational Phase EMP.

In accordance with the Notification issued by the MONREC in 2018, businesses in the following nine prioritised sectors: alcohol, food and beverage production, pesticide manufacturing or formulation, cement manufacturing, textile and dyeing facilities, tanning and leather finishing, foundries, pulp and paper mills, and sugar manufacturing, are now required to prepare an EMP for submission to the MONREC in order to obtain the necessary approvals.

10. Environmental Requirements

National Environmental Quality (Emission) Guidelines (2015)

Myanmar has issued the National Environmental Quality (Emission) Guidelines in 2015. The Guidelines provide the basis for regulation and control of noise and vibration, air emissions, and liquid discharges from various sources in order to prevent pollution for purposes of protection of human and ecosystem health.

Detailed list of environmental laws and regulations in Myanmar can be found in Appendix 3.

C. Main Environmental Related Joint Announcements and Statements which HK and Mainland China have issued with Myanmar

Mainland China and the ASEAN have issued a series of statements and plans to further enhance environmental cooperation between them.

Main Environmental-Related Joint Announcements and Statements^{8,9}

| Statements | Impact | Clauses |
|---|--|------------------------|
| Joint Statement of China and ASEAN Leaders on Sustainable Development | Encourages cooperation in the conservation of biodiversity and ecological environment, clean production, and awareness of environmental education. | Clauses 6 & 8 |
| China-ASEAN Environmental Protection Cooperation Strategy 2016-2020 | Establishes the China-ASEAN Environmental Protection Cooperation Centre to enhance environmental cooperation. It also improves the sharing of knowledge and experiences, and encourages factories to comply with the environmental laws and regulations. | Clauses 45, 47, 53, 54 |

D. The Main Environmental Permits in Myanmar

Environmental Compliance Certificate (ECC)

Businesses will receive an ECC from the MONREC upon approval of the IEE, EIA, and/or EMP report. The ECC confirms that the IEE, EIA, and/or EMP is in compliance with the requirements of the Environmental Conservation Law.

II. Environmental Situations in Myanmar

A. Hurdles or Problems Encountered and Resolutions

| Before Land Acquisition | Pre-construction Period | Operation Period |
|--|--|---|
| Historical Pollution Issues | License Requirements | Environmental Pollution Issues |
| Environmental Due Diligence (EDD) checks for existing soil and groundwater pollution, which can help investors avoid liability from historical pollution | <ul style="list-style-type: none"> • EIA/IEE • EMP | Each industry has different characteristics of pollutants, and will require appropriate monitoring and environmental protection equipment |

Before Land Acquisition: Historical Pollution Issues

Soil and groundwater of the targeted land may have been polluted by the previous land users. Companies may be impacted by the environmental risks caused by historical pollution if such issues were not identified or the responsibilities are not clarified.

Resolutions



Environmental Due Diligence (EDD)

EDD can help by systematically identifying the environmental risks and responsibilities before investment or expansion of the site. An EDD will typically take around two months to complete, but may not be required for every project. The processes are as follows:

- Supporting agency selection: There are no license requirements from local environmental departments on third party agencies providing EDD services. Companies may hire a capable third party services to conduct an EDD where necessary;
- Phase I Environmental Site Assessment: The EDD provider will conduct a limited environmental, health and safety compliance assessment supporting the due diligence for the industrial transaction;
- Phase II Environmental Site Assessment: Based on the results from Phase I, the EDD provider will conduct the actual sampling, monitoring or testing of the soil, air, groundwater and building materials, in order to evaluate the potential presence of contaminants in the scope;
- Results: The EDD provider will identify significant potential environmental risks in a report.

EDD Case

A global manufacturer wanted to conduct a project situated in the Thadukan Industrial Zone, Shwepyitha Township, Yangon, Myanmar. In order to assess whether there were any potential environmental liabilities associated with the acquisition of the subject property and to conduct groundwater and surface waters resource evaluation studies. As such, the manufacturer appointed SLP Environmental consultants to conduct an enhanced EDD assessment.

The scope of work includes a detailed inspection of the property and the surrounding environment, interviews with key informants, desktop study, as well as an operational regulatory compliance assessment for the proposed operation. The transaction was completed successfully at the end.

For a list of local organisations/agencies supporting EDD in Myanmar, please refer to Section 10.III.A.

Pre-construction Period: EIA/IEE

The local environmental laws have stipulated the projects from certain industries which are required to conduct an EIA/IEE based on the local environmental laws, and businesses are not allowed to operate without an EIA/IEE.

Resolutions



EIA/IEE

According to the Environmental Impact Assessment Procedure (2015), EIA/IEE must be conducted by a third-party organisation with relevant qualifications.

EIA/IEE Processes:

- Supporting agency selection: Hire a third-party organisation with relevant qualifications to conduct the EIA/IEE, according to the Environmental Impact Assessment Procedure (2015);
- EIA/IEE report compilation: Typically lasts one to two months depending on the size and scope of activities;
- Submission: Submit EIA/IEE report to the MONREC;
- Review and Approval: The IEE report approval will typically last 60 days, while the EIA report approval usually takes around 90 days. The MONREC will grant an ECC after approval.

Types of project/activity requiring an EIA/IEE in the key industries can be found in Appendix 4.

EIA Case

According to promulgation of Myanmar EIA procedure issued in December 2015, all sizes of drilling projects are required to conduct an EIA and submit to relevant authorities for consideration and approval prior to project commencement. PTTEP SA has selected an environmental consultant, International Environmental Management (IEM) Company Limited, and its local partner Environmental Quality Management (EQM) Company Limited to conduct the EIA Study and prepare EIA Report for this project. The specific objectives of this assessment are to:

- Identify all planned activities and potential unplanned events;
- Establish an environmental, social and health baseline of the project area;
- Identify and recommend mitigation measures to minimise potential impacts;
- Recommend a monitoring plan that can track changes in the existing environmental, social and health conditions over time and to ensure compliance with Myanmar legislation.

For a list of local organisations/agencies providing EIA/IEE supporting services in Myanmar, please refer to Section 10.III.B.

Pre-construction Period: EMP¹⁰

Factories that require an EIA/IEE should prepare an EMP concurrently. For businesses in the nine prioritised sectors in Notification by the MONREC in 2018, an EMP must be prepared.

Resolutions



EMP

According to the Environmental Impact Assessment Procedure (2015), an EMP must be prepared at the same time as an EIA/IEE report, or as a standalone plan.

EMP Processes:

- Supporting agency selection: Project proponent may prepare an EMP themselves or appoint a registered third-party;
- EMP submission: Project proponent should submit the EMP to the ECD in both digital form and complete paper copies, together with the required service fee;
- Review and Approval: ECD will review and submit to the MONREC for it to make a final decision on approval of the EMP. Once the MONREC has approved the EMP, the ECD will deliver the final decision of the MONREC within 30 working days.

For a list of local organisations/agencies supporting EMPs in Myanmar, please refer to Section 10.III.B.

EMP Case

Environmental Resources Management (ERM) was commissioned by the Woodside Energy (Myanmar) Company Limited to conduct an EMP for a drilling program commencing in 2017. The scope of the EMP covers all the activities included in an EIA, with the objective of demonstrating compliance against the relevant national and international legislation, as well as the Woodside Health, Safety, Environment and Quality (HSEQ) Policy and Management System.

Operation Period: Environmental Pollution Problems

During the operation period, companies may face environmental pollution problems resulting from non-compliant environmental management, or equipment failure:

- Wastewater: Excessive pollutants in wastewater causing soil or groundwater pollution;
- Air emissions: Industrial exhaust emissions that are not in compliance, causing air pollution;
- Hazardous wastes disposal: Non-compliant disposal of hazardous wastes leads to soil or groundwater contamination, resulting in subsequent penalties; and
- Noise pollution: Noise pollution caused by the operation of machinery and equipment.

Resolutions



Environmental Monitoring

The Pollution Control Department is mainly responsible for monitoring and controlling environmental pollution problems. In case of such problems, the following measures can be taken:

- Hiring third party service providers to conduct regular monitoring or to help with disposal of hazardous wastes;
- Enhancing environmental awareness of related workers;
- Improving relevant equipment in use; and
- Optimising the manufacturing process.

For a list of organisations/agencies providing environmental monitoring and related services in Myanmar, please refer to Section 10.III.C, D, and E.

Environmental Pollution Case

In 2014, Yangon City Development Committee (YCDC) closed three factories at Shwe Pyi Thar industrial zone due to inappropriate disposal of wastewater.

A pre-2011 YCDC inspection found most of the factories had no systematic waste disposal system. As a result, the government implemented a systematic waste disposal plan in 2012, in cooperation with the Japan International Cooperation Agency (JICA). Wastewater must be disposed of in accordance to the internationally specified standards or YCDC's standard regulations.

That project was finished in 2014, consequently most of the industrial zone factories have built small water treatment machines.

B. Study on the Key Manufacturing Industries in which Mainland China or Hong Kong Companies Have Invested in Myanmar

| Potential Environmental Issues ^a | Electronics | Garment & Clothing | Watches & Jewellery | Toys & Games | Hi-tech ^b |
|---|-------------|--------------------|---------------------|--------------|----------------------|
| Historical Soil Pollution or Groundwater Pollution | ✓ | ✓ | ✓ | ✓ | ✓ |
| Lack of Relevant Environmental-related Licenses | ✓ | ✓ | ✓ | ✓ | ✓ |
| Wastewater Causing Soil or Groundwater Pollution | ✓ | ✓ | ✓ | ✓ | ✓ |
| Industrial Exhaust Emissions Causing Air Pollution | ✓ | ✓ | ✓ | — | — |
| Disposal of Hazardous Wastes Leading to Soil or Groundwater Contamination | ✓ | ✓ | — | ✓ | — |
| Noise Pollution Caused by the Operation of Machinery and Equipment | ✓ | ✓ | ✓ | ✓ | — |

✓ indicates that the factory may face the environmental issues in the industry.

“—” indicates that the factory is less likely to face the environmental issues in the industry.

Note:

- a. “Environmental issue” indicates any environmental-related problems factories may have faced during the pre-approval period, construction period and operation period.
- b. Hi-Tech in this table mainly includes industries producing electronic components, and components and accessories used for new power generators and renewable generators, etc.

C. Comparison of Industrial Effluent/Emission Standards Between Myanmar and Mainland China

Please refer to the below legend for the understanding of all the comparison tables in this section.

For the Myanmar standards, values refer to the limit of wastewater pollutants, treated or untreated, that is discharged to surface waters from a treatment plant, sewer, or industrial outfall. With the Mainland China standards for the electronic industry, values are the limitation of effluent discharged into environment directly.

“ \downarrow ” indicates the requirement of Mainland China is stricter than Myanmar.

“ \uparrow ” indicates the requirement of Myanmar is stricter than Mainland China.

“=” indicates the requirement of Mainland China is the same as Myanmar.

“-” indicates there is no requirement in the standard.

“N/A” indicates that there is no comparison available due to the lack of a standard from one country.

The following tables list out the common pollutants in various industries. For a complete list, please refer to the Notes section below each table for relevant standards.

All standards listed below are applicable to factories in industrial areas. There are no official specialised requirements/standards for non-industrial areas (i.e. residential areas) in Myanmar at the moment. If there are plans to build or operate factories in such areas, it is recommended to confirm with the local environmental department for specific regional requirements.

Electronics (Part 1/5)

Water and air pollutants are the main pollutants in the electronics industry. The following table compares the effluent and emission standards of Myanmar and Mainland China:

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|-------------|---|---|----------------------|-----------------------------|----------------------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Electronics | Water Pollutants mg/L (Except pH, on a scale of 0-14) | pH | 6.0-9.0 | 6.0-9.0 | = |
| | | Total suspended solids | 50 | 50 | = |
| | | COD | 160 | 80 | \downarrow |
| | | BOD ₅ | 50 | - | N/A |
| | | Absorbable organic halogens | 0.5 | - | N/A |
| | Ammonia | Special electronic materials | 10 | 10/20 ^c | =/ \uparrow ^c |
| | | Electrical units | | 5 | \downarrow |
| | | Printed circuit boards | | 20 | \uparrow |
| | | Semiconductor devices | | 10 | = |
| | | Display device and photoelectron components | | 5 | \downarrow |
| | | Electron terminals products | | 5 | \downarrow |

10. Environmental Requirements

Electronics (Part 2/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|-------------|--|------------------|---|-----------------------------|---------------------------------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Electronics | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Total nitrogen | Special electronic materials | - | 20/30 ^c N/A |
| | | | Electrical units | | 15 N/A |
| | | | Printed circuit boards | | 30 N/A |
| | | | Semiconductor devices | | 15 N/A |
| | | | Display device and photoelectron components | | 15 N/A |
| | | | Electron terminals products | | 15 N/A |
| | | Total phosphorus | Special electronic materials | 2 | 0.5/1.0 ^c ↓/↓ ^c |
| | | | Electrical units | | 0.5 ↓ |
| | | | Printed circuit boards | | 1.0 ↓ |
| | | | Semiconductor devices | | 1.0 ↓ |
| | | | Display device and photoelectron components | | 0.5 ↓ |
| | | | Electron terminals products | | 0.5 ↓ |
| Electronics | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Sulfide | Special electronic materials | - | - N/A |
| | | | Electrical units | | - N/A |
| | | | Printed circuit boards | | 1.0 N/A |
| | | | Semiconductor devices | | 1.0 N/A |
| | | | Display device and photoelectron components | | - N/A |
| | | | Electron terminals products | | - N/A |
| | | Copper | Special electronic materials | 0.5 | 0.5 = |
| | | | Electrical units | | 0.5 = |
| | | | Printed circuit boards | | 0.5 = |
| | | | Semiconductor devices | | 0.5 = |
| | | | Display device and photoelectron components | | 0.5 = |
| | | | Electron terminals products | | - N/A |

Electronics (Part 3/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|-------------|---|----------------|----------------------|---|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Electronics | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Zinc | 2 | Special electronic materials | 1.5 ↓ |
| | | | | Electrical units | - N/A |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 1.5 ↓ |
| | | | | Display device and photoelectron components | 1.5 ↓ |
| | | | | Electron terminals products | - N/A |
| | | Cadmium | 0.1 | Special electronic materials | 0.05 ↓ |
| | | | | Electrical units | - N/A |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 0.05 ↓ |
| | | | | Display device and photoelectron components | - N/A |
| | | | | Electron terminals products | - N/A |
| | | Total chromium | 0.5 | Fluoride | 5.0 10 ↓ |
| | | | | Mercury | 0.01 - N/A |
| | | | | Oil and grease | 10 - N/A |
| | | | | Selenium | 1.0 - N/A |
| | | | | Silver | 0.1 0.3 ↑ |
| | | | | Tin | 2.0 - N/A |
| | | | | Special electronic materials | 1.0 ↑ |
| | | | | Electrical units | - N/A |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 0.5 = |
| | | | | Display device and photoelectron components | - N/A |
| | | | | Electron terminals products | - N/A |

10. Environmental Requirements

Electronics (Part 4/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|-------------|--|---------------------|----------------------|--|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Electronics | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Hexavalent chromium | 0.1 | Special electronic materials | 0.2 ↑ |
| | | | | Electrical units | - N/A |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 0.1 = |
| | | | | Display device and photoelectron components | - N/A |
| | | Arsenic | 0.1 | Electron terminals products | - N/A |
| | | | | Special electronic materials | 0.3 ↑ |
| | | | | Electrical units | 0.3 ↑ |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 0.2 ↑ |
| | | Lead | 0.1 | Display device and photoelectron components | 0.2 ↑ |
| | | | | Electron terminals products | - N/A |
| | | | | Special electronic materials | 0.2 ↑ |
| | | | | Electrical units | 0.1 = |
| | | | | Printed circuit boards | - N/A |
| | | Nickel | 0.5 | Semiconductor devices | 0.2 ↑ |
| | | | | Display device and photoelectron components | 0.2 ↑ |
| | | | | Electron terminals products | - N/A |
| | | | | Special electronic materials | 0.5 = |
| | | | | Electrical units | 0.5 = |
| | | | 0.5 | Printed circuit boards | 0.5 = |
| | | | | Semiconductor devices | 0.5 = |
| | | | | Display devices and photoelectron components | 0.5 = |
| | | | | Electron terminals products | - N/A |

Electronics (Part 5/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------------------------------|--|------------------------|--|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Electronics | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Cyanide (Free) | Special electronic materials | - | N/A |
| | | | Electrical units | - | N/A |
| | | | Printed circuit boards | - | N/A |
| | | | Semiconductor devices | 0.1 | N/A |
| | | | Display devices and photoelectron components | - | N/A |
| | | | Electron terminals products | - | N/A |
| | | Cyanide (Total) | Special electronic materials | 0.2 | ↓ |
| | | | Electrical units | 0.2 | ↓ |
| | | | Printed circuit boards | 0.2 | ↓ |
| | | | Semiconductor devices | 1.0 | ↓ |
| | | | Display devices and photoelectron components | 0.2 | ↓ |
| | | | Electron terminals products | - | N/A |
| Air Pollutants mg/m ³ | Volatile organic compounds ^d | 20 | - | N/A | |
| | TVOC | - | 150 | N/A | |
| | NMHC | - | 100 | N/A | |
| Noise Emission dB (A) | Noise limits for boundary of industrial enterprise | Daytime 70 Night 70 | Daytime 65 Night 55 | | ↓ |
| Hazardous Waste | Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section. | | | | |

Note:

- a. *Myanmar Standards: Effluent Levels of Semiconductors and Other Electronics Manufacturing⁷, Air Emission Levels of Semiconductors and Other Electronics Manufacturing⁷, General Guidelines of Noise Levels⁷.*
- b. *Mainland China Standards: Emission Standard of Pollutants for Electrical Industry¹¹, and Emission Standard for Industrial Enterprises Noise at Boundary¹².*
- c. *The value applying to manufacturers who run aluminum electrolytic capacitors electrode foil .*
- d. *Applying to surface cleaning processes.*

10. Environmental Requirements

Garment & Clothing

Water pollutants and air pollutants are the main pollutants in the garment & clothing industry. The following table compares the effluent and emission standards between Myanmar and Mainland China:

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------------------------------|--|-----------------------------|--|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Garment & Clothing | Water Pollutants mg/L (Except pH, on a scale of 0-14, and colour in m ⁻¹) | pH | 6.0-9.0 | 6.0-9.0 | = |
| | | Total suspended solids | 50 | 50 | = |
| | | COD | 160 | 80 | ↓ |
| | | BOD ₅ | 30 | 20 | ↓ |
| | | Colour | 7 m ⁻¹ (436 nm, yellow) 5m ⁻¹ (525 nm, red) 3 m ⁻¹ (620 nm, blue) | 50 | N/A |
| | | Ammonia | 10 | 10 | = |
| | | Total nitrogen | 10 | 15 | ↑ |
| | | Total phosphorus | 2.0 | 0.5 | ↓ |
| | | Chlorine dioxide | - | 0.5 | N/A |
| | | Absorbable organic halogens | 1.0 | 12 | ↑ |
| | | Sulfide | 1.0 | 0.5 | ↓ |
| | | Cadmium | 0.02 | - | N/A |
| | | Cobalt | 0.5 | - | N/A |
| | | Copper | 0.5 | - | N/A |
| | | Aniline | - | Not be detected | N/A |
| | | Nickel | 0.5 | - | N/A |
| | | Oil and grease | 10 | - | N/A |
| | | Pesticides | 0.05/0.10 | - | N/A |
| | | Phenol | 0.5 | - | N/A |
| | | Zinc | 2.0 | - | N/A |
| | | Hexavalent chromium | 0.10 | Not be detected | ↓ |
| | | Chromium (total) | 0.5 | - | N/A |
| Air Pollutants mg/m ³ | NMHC | - | | 120 | N/A |
| | Volatile organic compounds | 2-150 ^{c,d} | | - | N/A |
| Noise Emission dB (A) | Noise limits for boundary of industrial enterprise | Daytime 70 Night 70 | Daytime 65 Night 55 | | N/A |
| Hazardous Waste | Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section. | | | | |

Note:

- a. *Myanmar Standards: Effluent Levels of Textiles Manufacturing⁷, Air Emission Levels of Textiles Manufacturing⁷, General Guidelines of Noise Levels⁷.*
- b. *Mainland China Standards: Discharge Standard for Water Pollutants in Textile Dyeing and Finishing Industry¹³, Integrated Emission Standard of Air Pollutants¹⁴, and Emission Standard for Industrial Enterprises Noise at Boundary¹².*
- c. Calculated as total carbon.
- d. As the 30-minute mean for stack emissions: 2 mg/Nm³ for carcinogenic or mutagenic volatile organic compounds; 20 mg/Nm³ for halogenated volatile organic compounds; 50 mg/Nm³ for waste gases from drying of large installations; 75 mg/Nm³ for coating application processes for large installations; 100 mg/Nm³ for small installations; if solvent is recovered from emissions and reused, the guideline value is 150 mg/Nm³.

Watches & Jewellery

Water pollutants and air pollutants from washing process and air pollutants from polishing process were the main pollutants in the watches & jewellery industry. The following table compares the effluent and emission standards between Myanmar and Mainland China:

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|---------------------|--|---|------------------------|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Watches & Jewellery | Water Pollutants mg/L (Except pH, on a scale of 0-14) | pH | 6.0-9.0 | 6.0-9.0 | = |
| | | Suspended solid | - | 150 | N/A |
| | | COD | 250 | 150 | ↓ |
| | | BOD ₅ | 50 | 30 | ↓ |
| | | Ammonia | 10 | 25 | ↑ |
| | | Total cyanide | 1.0 | 0.5 | ↓ |
| | | Hexavalent chromium | 0.1 | 0.5 | ↑ |
| | | Petroleum | - | 10 | N/A |
| | | Oil and grease | 10 | - | N/A |
| | Air Pollutants mg/m ³ | NMHC | - | 120 | N/A |
| | Noise Emission dB (A) | Noise limits for boundary of industrial enterprise | Daytime 70 Night 70 | Daytime 65 Night 55 | ↓ |
| | Hazardous Waste | Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section. | | | |

Note:

- a. *Myanmar Standards: General Guidelines of Wastewater, Storm Water Runoff, Effluent and Sanitary Discharges⁷, General Guidelines of Air Emission Levels⁷, General Guidelines of Noise Levels⁷.*
- b. *Mainland China Standards: Integrated Wastewater Discharge Standard¹⁵, Integrated Emission Standard of Air Pollutants¹⁴, and Emission Standard for Industrial Enterprises Noise at Boundary¹².*

10. Environmental Requirements

Toys & Games

Water pollutants from the washing process, air pollutants resulting from production and storage of polymers and the precursors process are the major types of pollution in the toys & games industry. The following table compares the effluent and emission standards between Myanmar and Mainland China:

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|--------------|--|--|------------------------|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Toys & Games | Water Pollutants mg/L (Except pH, on a scale of 0-14) | pH | 6.0-9.0 | 6.0-9.0 | = |
| | | Total suspended solid | 50 | 150 | ↑ |
| | | COD | 250 | 150 | ↓ |
| | | BOD ₅ | - | 30 | N/A |
| | | Ammonia | 10 | 25 | ↑ |
| | | Sulfide | 1.0 | 1.0 | = |
| | | Total cyanide | 1.0 | 0.5 | ↓ |
| | | Hexavalent chromium | 0.1 | 0.5 | ↑ |
| | | Petroleum | - | 10 | N/A |
| | | Oil and grease | 10 | - | N/A |
| | | Total nitrogen | 15 | - | N/A |
| | | Volatile organic halogens | 0.1 | - | N/A |
| | | Total phenols | 0.5 | - | N/A |
| | | Volatile phenols | - | 0.5 | N/A |
| | Air Pollutants mg/m ³ | NMHC | - | 120 | N/A |
| | Noise Emission dB (A) | Noise limits for boundary of industrial enterprise | Daytime 70 Night 70 | Daytime 65 Night 55 | ↓ |
| | Hazardous Waste | Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section. | | | |

Note:

- a. *Myanmar Standards: Effluent Levels of Metal, Plastic and Rubber Products Manufacturing⁷, Air Emission Levels of Metal, Plastic and Rubber Products Manufacturing⁷, General Guidelines of Noise Levels⁷.*
- b. *Mainland China Standards: Integrated Wastewater Discharge Standard¹⁵, Integrated Emission Standard of Air Pollutants¹⁴, and Emission Standard for Industrial Enterprises Noise at Boundary¹².*

Hi-tech (Part 1/5)

Water pollutants and air pollutants from the chemical cleaning process are the major types of pollution in the hi-tech industry. The following table compares the effluent and emission standards of Myanmar and Mainland China:

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------|---|-----------------------------|----------------------|---|----------------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Hi-tech | Water Pollutants mg/L (Except pH, on a scale of 0-14) | pH | 6.0-9.0 | 6.0-9.0 | = |
| | | Total suspended solids | 50 | 50 | = |
| | | COD | 160 | 80 | ↓ |
| | | BOD ₅ | 50 | - | N/A |
| | | Absorbable organic halogens | 0.5 | - | N/A |
| | | Ammonia | 10 | Special electronic materials | 10/20 ^c |
| | | | | Electrical units | 5 |
| | | | | Printed circuit boards | 20 |
| | | | | Semiconductor devices | 10 |
| | | | | Display device and photoelectron components | 5 |
| | | | | Electron terminals products | 5 |
| | | Total nitrogen | - | Special electronic materials | 20/30 ^c |
| | | | | Electrical units | 15 |
| | | | | Printed circuit boards | 30 |
| | | | | Semiconductor devices | 15 |
| | | | | Display device and photoelectron components | 15 |
| | | | | Electron terminals products | 15 |
| | | Total phosphorus | 2 | Special electronic materials | 0.5/1.0 ^c |
| | | | | Electrical units | 0.5 |
| | | | | Printed circuit boards | 1.0 |
| | | | | Semiconductor devices | 1.0 |

10. Environmental Requirements

Hi-tech (Part 2/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------|---|------------------|---|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Hi-tech | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Total phosphorus | Display device and photoelectron components | 2 | 0.5 ↓ |
| | | | Electron terminals products | | 0.5 ↓ |
| | | | Special electronic materials | - | N/A |
| | | | Electrical units | | N/A |
| | | | Printed circuit boards | | 1.0 N/A |
| | | Sulfide | Semiconductor devices | - | 1.0 N/A |
| | | | Display device and photoelectron components | | - N/A |
| | | | Electron terminals products | | - N/A |
| | | | Special electronic materials | | 0.5 = |
| | | | Electrical units | | 0.5 = |
| | | Copper | Printed circuit boards | 0.5 | 0.5 = |
| | | | Semiconductor devices | | 0.5 = |
| | | | Display device and photoelectron components | | 0.5 = |
| | | | Electron terminals products | | - N/A |
| | | | Special electronic materials | | 1.5 ↓ |
| | | Zinc | Electrical units | 2 | - N/A |
| | | | Printed circuit boards | | - N/A |
| | | | Semiconductor devices | | 1.5 ↓ |
| | | | Display device and photoelectron components | | 1.5 ↓ |
| | | | Electron terminals products | | - N/A |

Hi-tech (Part 3/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------|---|---------------------|---|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Hi-tech | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Cadmium | Special electronic materials | 0.1 | 0.05 ↓ |
| | | | Electrical units | | - N/A |
| | | | Printed circuit boards | | - N/A |
| | | | Semiconductor devices | | 0.05 ↓ |
| | | | Display device and photoelectron components | | - N/A |
| | | | Electron terminals products | | - N/A |
| | | Total chromium | Fluoride | 5.0 | 10 ↓ |
| | | | Mercury | 0.01 | - N/A |
| | | | Oil and grease | 10 | - N/A |
| | | | Selenium | 1.0 | - N/A |
| | | | Silver | 0.1 | 0.3 ↑ |
| | | | Tin | 2.0 | - N/A |
| | | Hexavalent chromium | Special electronic materials | 0.5 | 1.0 ↑ |
| | | | Electrical units | | - N/A |
| | | | Printed circuit boards | | - N/A |
| | | | Semiconductor devices | | 0.5 = |
| | | | Display device and photoelectron components | | - N/A |
| | | | Electron terminals products | | - N/A |
| | | | Special electronic materials | 0.1 | 0.2 ↑ |
| | | | Electrical units | | - N/A |
| | | | Printed circuit boards | | - N/A |
| | | | Semiconductor devices | | - N/A |
| | | | Display device and photoelectron components | | 0.1 = |
| | | | Electron terminals products | | - N/A |

10. Environmental Requirements

Hi-tech (Part 4/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------|---|----------------|----------------------|--|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Hi-tech | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Arsenic | 0.1 | Special electronic materials | 0.3 ↑ |
| | | | | Electrical units | 0.3 ↑ |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 0.2 ↑ |
| | | | | Display device and photoelectron components | 0.2 ↑ |
| | | | | Electron terminals products | - N/A |
| | | Lead | 0.1 | Special electronic materials | 0.2 ↑ |
| | | | | Electrical units | 0.1 = |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | 0.2 ↑ |
| | | | | Display device and photoelectron components | 0.2 ↑ |
| | | | | Electron terminals products | - N/A |
| | | Nickel | 0.5 | Special electronic materials | 0.5 = |
| | | | | Electrical units | 0.5 = |
| | | | | Printed circuit boards | 0.5 = |
| | | | | Semiconductor devices | 0.5 = |
| | | | | Display devices and photoelectron components | 0.5 = |
| | | | | Electron terminals products | - N/A |
| | | Cyanide (Free) | 0.1 | Special electronic materials | - N/A |
| | | | | Electrical units | - N/A |
| | | | | Printed circuit boards | - N/A |
| | | | | Semiconductor devices | - N/A |
| | | | | Display devices and photoelectron components | - N/A |
| | | | | Electron terminals products | - N/A |

10. Environmental Requirements

Hi-tech (Part 5/5)

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|----------|---|--|--|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| Hi-tech | Water Pollutants mg/L (Except pH, on a scale of 0-14) | Cyanide (Total) | Special electronic materials | 1.0 | 0.2 ↓ |
| | | | Electrical units | | 0.2 ↓ |
| | | | Printed circuit boards | | 0.2 ↓ |
| | | | Semiconductor devices | | 0.2 ↓ |
| | | | Display devices and photoelectron components | | 0.2 ↓ |
| | | | Electron terminals products | | - N/A |
| | Air Pollutants mg/m ³ | Volatile organic compounds ^d | 20 | - | N/A |
| | | TVOC | - | 150 | N/A |
| | | NMHC | - | 100 | N/A |
| | Noise Emission dB (A) | Noise limits for boundary of industrial enterprise | Daytime 70 Night 70 | Daytime 65 Night 55 | ↓ |
| | Hazardous Waste | Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section. | | | |

Note:

- a. Myanmar Standards: *Effluent Levels of Semiconductors and Other Electronics Manufacturing⁷*, *Air Emission Levels of Semiconductors and Other Electronics Manufacturing⁷*, *General Guidelines of Noise Levels⁷*.
- b. Mainland China Standards: *Emission Standard of Pollutants for Electrical Industry¹¹*, and *Emission Standard for Industrial Enterprises Noise at Boundary¹²*.
- c. The value applying to manufacturers who run aluminum electrolytic capacitors electrode foil .
- d. Applying to surface cleaning processes.

Food & Beverage, Chemicals & Plastics⁷

For the food & beverage industry, Myanmar has introduced the Effluent Levels and Air Emission Levels of Food and Beverages Manufacturing, which includes a series of standards covering wastewater for the specific industry and processes such as meat processing, sugar manufacturing, vegetable oil production and processing, etc. For the chemicals & plastics industry, the Effluent Levels and Air Emission Levels for Chemicals Manufacturing has included a series of standards covering industry and processing wastewater or air emissions such as nitrogenous fertiliser production and oleochemicals manufacturing, etc.

In general, limits for industry effluent discharged into water sources and air emission in Myanmar are stricter than those in Mainland China.

General Industries

General industries refer to those industries which do not produce massive or characteristic pollutants (such as logistics & transportation industry, etc.). Such industries should be in compliance with the general environmental standards available in both countries.

The following table compares the general effluent/emission standards of Myanmar and Mainland China:

| Industry | Major Types of Pollution | Pollutants | Limits | | Comparison |
|--------------------|---|--|------------------------|-----------------------------|------------|
| | | | Myanmar ^a | Mainland China ^b | |
| General Industries | Water Pollutants mg/L (Except pH, on a scale of 0-14) | pH | 6.0-9.0 | 6.0-9.0 | = |
| | | Total suspended solids | 50 | 150 | ↑ |
| | | COD | 250 | 150 | ↓ |
| | | BOD ₅ | 50 | 30 | ↓ |
| | | Ammonia | 10 | 25 | ↑ |
| | | Sulfide | 1.0 | 1.0 | = |
| | | Formaldehyde | - | 1.0 | N/A |
| | Air Pollutants mg/m ³ | NMHC | - | 120 | N/A |
| | Noise Emission dB (A) | Noise limits for boundary of industrial enterprise | Daytime 70 Night 70 | Daytime 65 Night 55 | ↓ |
| | Hazardous Waste | Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section. | | | |

Note:

- a. *Myanmar Standards: General Guidelines of Wastewater, Storm Water Runoff, Effluent and Sanitary Discharges⁷, General Guidelines of Air Emission Levels⁷, General Guidelines of Noise Levels⁷.*
- b. *Mainland China Standards: Integrated Wastewater Discharge Standard¹⁵, Integrated Emission Standard of Air Pollutants¹⁴, and Emission Standard for Industrial Enterprises Noise at Boundary¹².*

III. The Main Local Supporting Organisations/Agencies in Myanmar

Myanmar is one of the countries with most abundant biodiversity, respective requirements for environmental protection and supervision are stricter when compared with the other ASEAN countries.

To ensure environmental compliance during purchasing, constructing and operating processes, the investor should pay attention to the environment survey, license application and reaching local discharge standards in design-build and operation periods.

Following tables list out the main local supporting organisations and agencies providing relevant environment-related supporting services.

A. Environmental Due Diligence Services in Myanmar

| Agency/Organisation | Service Coverage | Contact |
|---------------------|---|-------------------------|
| PwC | <ul style="list-style-type: none"> • Environmental Due Diligence; • Environmental and Social Risk Management; • Supply Chain Risk Management; • Environmental and Health and Safety (EHS) Regulatory Compliance Assessments; and • Independent Assurance, etc. | +95 94 5004 4355 |
| SLP Environmental | <ul style="list-style-type: none"> • Enhanced Phase 1 Environmental Site Assessment (EDD); • EMP Studies; and • Environmental, Health, Safety and Social (EHSS) Performance Monitoring, etc. | +95 (0) 944 899 6066 |

B. EIA/IEE/EMP Supporting Services in Myanmar

| Agency/Organisation | Service Coverage | Contact |
|--|---|-------------------------|
| R&E Myanmar | <ul style="list-style-type: none"> • IEE Report; • EIA Report; and • Environmental and Social Impact Assessment, etc. | +95 9 7301 3448 |
| Myanmar Sustainable Development Engineering Services | <ul style="list-style-type: none"> • Environmental and Social Impact Assessment; • EMP Studies; • Compliance Check of Proposed EIA Reports ; and • Environmental Monitoring, etc. | +95 (0) 996 516 0905 |
| E Guard Environmental Service | <ul style="list-style-type: none"> • EIA Report; • EMP Studies; • Waste Segregation & Minimisation Research; and • Development of Environmental Management Systems, etc. | +95 166 7953 |

For more details, please refer to the following website: <http://www.ecd.gov.mm/?q=third-party>

C. Environmental Monitoring Services in Myanmar

| Agency/Organisation | Service Coverage | Contact |
|-------------------------------------|--|------------------|
| R&E Myanmar | <ul style="list-style-type: none"> Socio-economic Systems Monitoring; Regulatory Systems Monitoring; and Water Monitoring, etc. | +95 9 7301 3448 |
| Myanmar Environmental Legal Service | <ul style="list-style-type: none"> Monitor Policies and Practices Relating to Environmental Litigation; and Provide Free Legal Services for Victims of Environmental Pollution and Damage in Order to Push for Justice, etc. | +95 94 2172 0170 |
| E Guard Environmental Services | <ul style="list-style-type: none"> Environmental Monitoring and Reporting for Compliance; Environmental Inspection/Auditing and Compliance Monitoring; and Noise Monitoring, etc. | +95 1 66 7953 |

D. Hazardous Wastes Disposal Services in Myanmar

| Agency/ Organisation | Service Coverage | Contact |
|--------------------------------|---|------------------|
| CAG Engineering | <ul style="list-style-type: none"> Water Treatment System; Wastewater Treatment System; Building Energy Management System; and SCADA Monitoring, etc. | +95 92 5707 0200 |
| Organics Group Plc | <ul style="list-style-type: none"> Designs, Builds, Installs and Commissions High Quality Pollution Control Systems for a Range of Differing Waste Streams; and Waste to Energy System, etc. | +95 2 6334 0442 |
| Golden Dowa Eco-system Myanmar | <ul style="list-style-type: none"> E-Scrap Recycling; Electronic Equipment Recycling; Hazardous Waste Treatment; Non-Hazardous Waste Treatment; and Soil Remediation, etc. | +95 1230 9051 |
| Recyglo | <ul style="list-style-type: none"> Schedule Pick-up and Waste Collection; Waste Characteristics and Analysis; Transport to Recycling Plants; and Waste Audit, etc. | +95 94 0424 5800 |
| ANDRITZ MeWa - ANDRITZ Group | <ul style="list-style-type: none"> Waste Recycling; and Reuse the Recycling Materials as New Raw Materials, Like Pure Metals and Plastics, and to Substitute Fuels and Bioenergy etc. | +95 1 860 3360 |

10. Environmental Requirements

E. Pollutants Treatment Services in Myanmar

| Agency/Organisation | Service Coverage | Contact |
|---------------------|--|----------------------------------|
| SEAM | <ul style="list-style-type: none"> • Noise Control; • Air Quality Management; • Water Conservation and Resources Management; • Wastewater Treatment; and • Waste Management, etc. | +95 979 585 2122 |
| RAMBOLL | <ul style="list-style-type: none"> • Water and Wastewater Treatment; and • Air Quality Management, etc. | +65 6469 9918 +1 312 288 3890 |

10. Environmental Requirements

Source:

- ¹ Ministry Websites, *The Republic of the Union of Myanmar President Office*
- ² Foreign Investment Guide – Myanmar (對外投資合作國別（地區）指南 – 緬甸), *Ministry of Commerce China, 2018*
- ³ *The Environmental Conservation Law, No.9/2012*
- ⁴ *The Environmental Impact Assessment Procedure, 2015*
- ⁵ *Preparation of EMP, ECD 2019*
- ⁶ *Preparing an Environmental Management Plan (EMP) for MONREC Submission, SLP Environmental 2019*
- ⁷ *National Environmental Quality (Emission) Guidelines, 2015*
- ⁸ *Joint Statement of China and ASEAN Leaders on Sustainable Development, 2010*
- ⁹ *China-ASEAN Environmental Protection Cooperation Strategy 2016-2020, 2017*
- ¹⁰ *Environmental Compliance in Myanmar, Luther 2018*
- ¹¹ *Emission Standard of Pollutants for Electrical Industry 2nd edition for Suggestion*
- ¹² *Emission Standard for Industrial Enterprises Noise at Boundary, 2008*
- ¹³ *Discharge Standard for Water Pollutants in Textile Dyeing and Finishing Industry GB 4287-2012*
- ¹⁴ *Integrated Emission Standard of Air Pollutants GB 16297-1996*
- ¹⁵ *Integrated Wastewater Discharge Standard GB 8978-1996*
- ¹⁶ *Environmental Conservation Rules, 2014*
- ¹⁷ *National Environmental Policy of Myanmar, 1994 (amended in 2019)*
- ¹⁸ *Myanmar Investment Law, 2016*
- ¹⁹ *Myanmar Special Economic Zone Law, 2014*
- ²⁰ *The Conservation of Water Resources and Rivers Law, 2006*
- ²¹ *Prevention from Danger of Chemical and Associated Materials Law, 2013*
- ²² *Air Quality Guidelines Global Update, World Health Organization 2005*
- ²³ *WHO's Air Quality Guidelines for Europe Second Edition WHO Regional Publications, European Series No. 91*

Appendix

Appendix 1 List of Industrial Estates by Region

Appendix 2 Myanmar's Selected Infrastructural Development Pipelines

Appendix 3 List of the Main Environmental Laws/Regulations and Standards in Myanmar

Appendix 4 Types of Activities with EIA/IEE Requirements for the Key Industries in the National Environmental Quality (Emission) Guidelines on Environmental Regulations

Appendix 1

List of Industrial Estates in Myanmar

| District/Province | Number of Industrial Estate (#) |
|-----------------------------|---------------------------------|
| Surrounding Yangon | 45 |
| Ayeryarwady Region | 5 |
| Bago Region | 6 |
| Kayah State | 1 |
| Kayin State | 2 |
| Mon State | 4 |
| Yangon Region | 27 |
| Surrounding Mandalay | 10 |
| Magway Region | 2 |
| Mandalay Region | 6 |
| Nay Pyi Taw Union Territory | 2 |
| Northern Myanmar | 10 |
| Kachin State | 2 |
| Sagaing Region | 4 |
| Western Myanmar | 2 |
| Rakhine State | 2 |
| Eastern Myanmar | 4 |
| Shan State | 4 |
| Southern Myanmar | 2 |
| Tanintharyi Region | 2 |

Appendix 2

Myanmar's Selected Infrastructural Development Pipelines (Part 1/2)

| Project | Value (USD m) | Specifications |
|--|------------------|--|
| Transport - Airport | | |
| Hanthawaddy International Airport | 1,500 | Fourth and largest airport in Myanmar and is expected to become a major gateway for international airlines |
| Heho airport in Shan State | 40 | |
| Kawthaung in Tanintharyi Division | 36 | Construction of customs, immigration and quarantine facilities with the airports expected to achieve international standards |
| Mawlamyine airport in Mon State | 20 | |
| Transport – Port | | |
| Seaport at Kyaukpyu, on the Bay of Bengal | 1,300 | Two deep water berths and Myanmar's largest port, linked to Mainland China, in the restive area of Rakhine state, part of the BRI |
| Transport – Rail | | |
| Kunming-Kyaukphyu | 9,000 | Part of Mainland China's Belt and Road Initiative (BRI). Connecting capital of Yunnan with the Mainland China backed SEZ Kyaukphyu |
| Yangon Central Railway | 2,500 | Include new developments of office buildings, retail outlets and residential buildings in the area surrounding the station |
| Yangon-Mandalay Line | 2,200 | Upgrade the 622 km rail line linking Yangon to Mandalay, reduce travel time from almost 20 hours to 8 hours |
| Yangon Circular Railway | 300 | Upgrades to the line, including modern signaling equipment, new rolling stock and track upgrades |
| Trans-Asian Railway Network (TARN) Moreh in India and Tamu in Myanmar | 192 | The TARN is a 117,500 km network of railways encompassing 28 countries across Asia and Europe with this section linking Moreh and Tamu |
| Transport – Road | | |
| Thailand Trilateral Highway | n/a | 1360 km highway connecting Moreh and Tamu on the Indian border to Mae Sot District on the Thai border |
| Yangon Elevated Expressway | 400 | Link the south of Yangon, which includes Yangon Port and Thilawa Special Economic Zone, to the north side of the city, where the Yangon International Airport, Yangon Industrial Park and the Yangon-Mandalay Expressway are located |
| Yangon – Build and repair roads within city and townships on outskirts | 307 | Build and repair roads in Yangon and outskirt townships such as Hlegu, Htantabin, Tiekkyi, Hmawbi, Thonegwa, Thalyin and Twante |
| Muse-Mandalay highway | 300 | Improvements carried out along 400 km of the 455 km highway from Myanmar's northern Shan State to Mainland China |

Appendix 2

Myanmar's Selected Infrastructural Development Pipelines (Part 2/2)

| Project | Value (USD m) | Specifications |
|---|------------------|--|
| Urban Infrastructure | | |
| Eco Green City | 2,000 | A 10-year project, covering 1,453 acres near the slated new Hanthawaddy International Airport with housing, a logistics hub, mixed-use zones and more |
| New Yangon City | 1,500 | Part of the China-Myanmar Economic Corridor, also a part of Mainland China's BRI. Complex of new towns, industrial parks and urban development projects |
| Smart District Project | 185 | 1,100 acres for housing including low cost, private, and residential with commercial use |
| Korea Myanmar Industrial Complex | 110 | Small and medium-sized enterprises, heavy industry and a vocational school |
| Border Economic Cooperation Zones in Kachin and Shan States | n/a | Part of the Mainland China's BRI and includes trade centres and processing areas, small and medium-sized industrial facilities, a trade logistics centre and a quality packing centre |
| New Mandalay Resort City | n/a | Part of Mainland China's BRI and facilities, from information technology-related manufacturing to agricultural and logistical industrial zones, as well as residential and mixed-use development zones |

Appendix 3

The Main Environmental Laws/Regulations in Myanmar

| Ministry of Natural Resources and Environmental Conservation | Ministry of Planning and Finance | Ministry of Transport | Ministry of Industry |
|--|---|--|---|
| Environmental Conservation Law, 2012 ³ | | | |
| Environmental Conservation Rules, 2014 ¹⁶ | Myanmar Investment Law, 2016 ¹⁸ | | |
| National Environmental Policy of Myanmar (1994)(amended in 2019) ¹⁷ | | The Conservation of Water Resources and Rivers Law, 2006 ²⁰ | Prevention from Danger of Chemical and Associated Materials Law, 2013 ²¹ |
| Environmental Impact Assessment Procedure, 2015 ⁴ | Myanmar Special Economic Zone Law, 2014 ¹⁹ | | |

The Main Environmental Ambient/Effluent Standards in Myanmar

| Ambient Standards | 1 National Environmental Quality (Emission) Guidelines ^{7, a} |
|--------------------|--|
| | 2 Air Quality Guidelines Global Update ²² |
| | 3 Who's Air Quality Guidelines for Europe ²³ |
| Effluent Standards | 1 General Guidelines of Air Emission ^{7, a} |
| | 2 General Guidelines of Wastewater, Storm Water Runoff, Effluent and Sanitary Discharges ^{7, a} |
| | 3 General Guidelines of Noise Level ^{7, a} |
| | 5 Effluent Levels of Food and Beverages Manufacturing ⁷ |
| | 6 Effluent Levels of Garments, Textile and Leather Products ^{7, a} |
| | 7 Effluent Levels of Chemicals Manufacturing ⁷ |
| | 8 Effluent Levels of Infrastructure and Service Development ⁷ |
| | 9 Effluent Levels of Metal, Plastic and Rubber Products Manufacturing ^{7, a} |
| | 10 Effluent Levels of Electronics ^{7, a} |
| | 11 Effluent Levels of Biotechnology Manufacturing ⁷ |

Note:

a. Corresponding effluent/emission standards are the standards adopted in Section 10.II.C.

Appendix 4

Types of Activities with EIA/IEE Requirements for the Key Industries in the National Environmental Quality (Emission) Guidelines on Environmental Regulations⁴ (Part 1/5)

| Industry | Types of Economic Activities | Criteria for IEE | Criteria for EIA |
|-----------------|--|---|---|
| All | Projects in which investment is decided by the Parliament or the government cabinet or the President | - | All size |
| Food & Beverage | Meat Processing Plants (slaughter of cattle, pigs, sheep and other livestock) | $\geq 15 \text{ t/d}$ but $< 50 \text{ t/d}$ carcass production | $\geq 50 \text{ t/d}$ carcass production |
| | Poultry Processing Plants (slaughter of poultry and other commercially raised fowl) | $\geq 15 \text{ t/d}$ but $< 50 \text{ t/d}$ carcass production | $\geq 50 \text{ t/d}$ carcass production |
| | Fish Processing Plants (fish, crustaceans, gastropods, cephalopods, and bivalves; includes by-products such as fish oil and fish meals) | $\geq 15 \text{ t/d}$ but $< 75 \text{ t/d}$ | $\geq 75 \text{ t/d}$ |
| | Food and Beverage Processing Facilities (processing of beef, pork, mutton and poultry meats, vegetable, and fruit raw materials into value-added food and non-fermented beverage products for human consumption) | $\geq 10 \text{ t/d}$ but $< 20 \text{ t/d}$ | $\geq 20 \text{ t/d}$ |
| | Dairy Processing Plants (reception, storage, and industrial processing of raw milk and the handling and storage of processed milk and dairy products) | $\geq 200 \text{ t/d}$ raw milk on annual average basis | All activities where the Ministry requires that the Project shall undergo EIA |
| | Manufacture of Animal Feeds | $\geq 100 \text{ t/d}$ but $< 300 \text{ t/d}$ product and $< 600 \text{ t/d}$ if production is operating a maximum of 90 d/a | $\geq 300 \text{ t/d}$ product or $\geq 600 \text{ t/d}$ if production is operating a maximum of 90 d/a |
| | Vegetable Oil Production and Processing Facilities | $\geq 100 \text{ t/d}$ but $< 300 \text{ t/d}$ product and $< 600 \text{ t/d}$ if production is operating a maximum of 90 d/a | $\geq 300 \text{ t/d}$ product or $\geq 600 \text{ t/d}$ if production is operating a maximum of 90 d/a |

Appendix 4

Types of Activities with EIA/IEE Requirements for the Key Industries in the National Environmental Quality (Emission) Guidelines on Environmental Regulations⁴ (Part 2/5)

| Industry | Types of Economic Activities | Criteria for IEE | Criteria for EIA |
|-----------------|--|---|---|
| Food & Beverage | Manufacture of Starches and Starch Products | ≥ 100 t/d but < 300 t/d product and < 600 t/d if production is operating a maximum of 90 d/a | ≥ 300 t/d product or ≥ 600 t/d if production is operating a maximum of 90 d/a |
| | Manufacture of Grain Mill Products (grain milling, rice milling, production of rice flour, vegetable milling, manufacture of cereal breakfast foods, manufacture of flour) | ≥ 100 t/d but < 300 t/d product and < 600 t/d if production is operating a maximum of 90 d/a | ≥ 300 t/d product or ≥ 600 t/d if production is operating a maximum of 90 d/a |
| | Monosodium Glutamate (seasoning powder) Factories | ≥ 50 t/d but < 100 t/d | ≥ 100 t/d |
| | Sugar Manufacturing Plants | ≥ 50 t/d but < 300 t/d and < 600 t/d if production is operating a maximum of 90 d/a | ≥ 300 t/d refined sugar or ≥ 600 t/d if production is operating a maximum of 90 d/a |
| | Alcohol, Wine and Beer Production Factories (distilleries, wineries and breweries) | ≥ 50,000 l/d but < 300,000 l/d product and < 600,000 l/d if production is operating a maximum of 90 d/a | ≥ 300,000 l/d product or ≥ 600,000 l/d if production is operating a maximum of 90 d/a |
| | Non-Alcohol Factories (soda, soft drink, mineral water production) | ≥ 20,000 l/d | All activities where the Ministry requires that the Project shall undergo EIA |
| | Ice Factories | ≥ 500 t/d but < 2,000 t/d | ≥ 2,000 t/d |
| | Drinking Water Factories (for bottled refined water) | ≥ 100,000 l/d | All activities where the Ministry requires that the Project shall undergo EIA |
| | Tobacco Processing Plants | ≥ 1 t/d but < 15 t/d product | ≥ 15 t/d product |

Appendix 4

Types of Activities with EIA/IEE Requirements for the Key Industries in the National Environmental Quality (Emission) Guidelines on Environmental Regulations⁴ (Part 3/5)

| Industry | Types of Economic Activities | Criteria for IEE | Criteria for EIA |
|----------------------|--|---|---|
| Garment & Clothing | Textile Manufacturing Facilities (production of yarn, fabric, garments and finished goods based on natural fibres, synthetic fibres and/or regenerated fibres) | All sizes | All activities where the Ministry requires that the Project shall undergo EIA |
| | Pre-treatment (washing, bleaching, mercerisation) or Dyeing of Textiles or Fibres | $\geq 1 \text{ t/d}$ but $< 10 \text{ t/d}$ | $\geq 10 \text{ t/d}$ |
| | Leather Products Manufacturing (includes synthetic leather, handbags, luggage, saddle, footwear) | $\geq 1,000 \text{ t/a}$ | All activities where the Ministry requires that the Project shall undergo EIA |
| | Tanning and Leather Finishing | $< 12 \text{ t/d}$ finished products | $\geq 12 \text{ t/d}$ finished products |
| Chemicals & Plastics | Large Volume Inorganic Compounds Manufacturing and Coal Tar Distillation (includes ammonia, acids [nitric, hydrochloric, sulphuric, hydrofluoric, phosphoric acid], chlor-alkali [e.g. chlorine, caustic soda, soda ash], carbon black, and coal tar distillation [naphthalene, phenanthrene, anthracene]) | - | All sizes |
| | Petroleum-based Polymers Manufacturing Plants | - | All sizes |
| | Chemical Fertilizer Manufacturing Plants | - | All sizes |

Appendix 4

Types of Activities with EIA/IEE Requirements for the Key Industries in the National Environmental Quality (Emission) Guidelines on Environmental Regulations⁴ (Part 4/5)

| Industry | Types of Economic Activity | Criteria for IEE | Criteria for EIA |
|----------------------|---|-----------------------------|---|
| Chemicals & Plastics | Pesticide Manufacturing, Formulation, and Packaging Plants | - | All sizes |
| | Oleochemicals Manufacturing Plants (production of fatty acids, glycerin, and biodiesel using fats and oils from vegetable or animal sources) | - | All sizes |
| | Pharmaceuticals and Biotechnology Manufacturing Plants | < 50 t/a | ≥ 50 t/a |
| | Other Basic Organic Chemicals Manufacturing Plants | - | All sizes |
| | Other Basic Inorganic Chemicals Manufacturing Plants | - | All sizes |
| | Other Chemical Products Manufacturing Plants (e.g. paints, inks, varnishes, soap, detergents, perfumes, pyrotechnic products, photographic chemicals) | ≥ 5 t/d but < 10 t/d | ≥ 10 t/d |
| | Explosives Manufacturing Plants | - | All sizes |
| | Manufacturing of Extinguishers and Other Firefighting Products | All sizes | All activities where the Ministry requires that the Project shall undergo EIA |
| | Manufacturing of CO ₂ Gas and Filling and Liquefying Industrial Gas | ≥ 1,000 t/a but < 3,000 t/a | ≥ 3,000 t/a |
| | Rubber and Latex Processing Plants | ≥ 2,000 t/a | All activities where the Ministry requires that the Project shall undergo EIA |

Appendix 4

Types of Activities with EIA/IEE Requirements for the Key Industries in the National Environmental Quality (Emission) Guidelines on Environmental Regulations⁴ (Part 5/5)

| Industry | Types of Economic Activity | Criteria for IEE | Criteria for EIA |
|-------------|---|--|---|
| Electronics | Semiconductors and Other Electronics Manufacturing Plants (manufacturing of semiconductors, printed circuit boards, printed wiring assemblies, screens, passive components, and magnetic devices) | $\geq 5,000 \text{ m}^2$ production area, or $\geq 6 \text{ kg/h}$ consumption of organic solvents | All activities where the Ministry requires that the Project shall undergo EIA |
| | Electronic and Electric Equipment Manufacturing Plants (computers, communication equipment, consumer electronics, laboratory equipment, electric motors, electric lightning etc.) | $\geq 5,000 \text{ m}^2$ production area, or $\geq 6 \text{ kg/h}$ consumption of organic solvents | All activities where the Ministry requires that the Project shall undergo EIA |
| | Domestic Appliance Manufacturing Plants | $\geq 5,000 \text{ m}^2$ production area, or $\geq 6 \text{ kg/h}$ consumption of organic solvents | All activities where the Ministry requires that the Project shall undergo EIA |
| | Batteries and Accumulators Manufacturing Plants | < 3,000 t/a | $\geq 3,000 \text{ t/a}$ |

Glossary – Section 1 to 9

Operational Requirements

| | |
|----------------|--|
| ADB | Asian Development Bank |
| AFTA | ASEAN Free Trade Area |
| AHTN | ASEAN Harmonised Tariff Nomenclature |
| ASEAN | Association of Southeast Asian Nations |
| BIMSTEC | Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation |
| BIT | Bilateral Investment Treaty |
| BOT | Build-Operate-Transfer |
| BRI | Belt and Road Initiative |
| CBM | Central Bank Of Myanmar |
| CD | Customs Duty |
| CEPT | Common Effective Preferential Tariff |
| CGT | Capital Gains Tax |
| CIF | Cost, Insurance, Freight |
| CIT | Corporate Income Tax |
| CMP | Cut, Make and Package |
| CT | Commercial Tax |
| DICA | Directorate of Investment and Company Administration |
| DRI | Department of Research and Innovation |
| DTA | Double Taxation Agreement |
| DTPC | Department of Technology Promotion and Coordination |
| DTVE | Department of Technical and Vocational Education |

| | |
|--------------|---|
| ECPP | Environmental Conservation and Protection Plan |
| ESDL | Employment and Skills Development Law |
| EUR | Euro |
| FA | Factories Act |
| FDI | Foreign Direct Investment |
| FEXB | Foreign Exchange Management Board |
| FRC | Foreigner Registration Certificate |
| FTA | Free Trade Agreement |
| GDP | Gross Domestic Product |
| GIPC | Global Innovation Policy Center |
| HKD | Hong Kong Dollar |
| HS | Harmonised System |
| IDC | Import Declaration Certification |
| IFRIC | International Financial Reporting Interpretations Committee |
| IFRS | International Financial Reporting Standards |
| IP | Intellectual Property |
| IRD | Internal Revenue Department |
| JV | Joint Venture |
| LHA | Leave and Holiday Act |
| LLC | Limited Liability Company |
| LOL | Labour Organisation Law |
| LPI | Logistics Performance Index |
| MACCS | Myanmar Automated Cargo Clearance System |
| MCA | Myanmar Companies Act |
| MCL | Myanmar Companies Law |

| | |
|----------------|--|
| MFRS | Myanmar Financial Reporting Standards |
| MGMA | Myanmar Garment Manufacturers Association |
| MIC | Myanmar Investment Commission |
| MIL | Myanmar Investment Law |
| MIPO | Myanmar Intellectual Property Office |
| MIPP | Myanmar Investment Promotion Plan |
| MIR | Myanmar Investment Rules |
| MMK | Burmese (Myanmar) Kyat |
| MOLIP | Ministry of Labour, Immigration and Population |
| MyCO | Myanmar Companies Online |
| NLD | National League for Democracy |
| NRGI | Natural Resource Governance Institute |
| NSQD | National Standard and Quality Department |
| PIE | Public Interest Entity |
| PPP | Public-Private Partnership |
| PT | Property Tax |
| R&D | Research and Development |
| RCEP | Regional Comprehensive Partnership |
| RMB | Renminbi |
| S&T | Science and Technology |
| SD | Stamp Duty |
| SEC | Standard Employment Contract |
| SECM | Securities and Exchange Commission of Myanmar |
| SEZ | Special Economic Zone |
| SGD | Singapore Dollar |

| | |
|---------------|--|
| SGT | Specific Goods Tax |
| SIC | Standing Interpretations Committee |
| SLDL | The Settlement of Labour Disputes Law |
| SSF | Social Security Fund |
| TEU | Twenty-foot Equivalent Units |
| TVET | Technical Vocational Education and Training |
| UN | United Nations |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| USD | United States Dollar |
| USDP | Union Solidarity and Development Party |
| VAT | Value Added Tax |
| WTO | World Trade Organization |

Glossary – Section 10

Environmental

| | |
|---------------|--|
| AOX | Absorbable Organic Halogen |
| BOD | Biochemical Oxygen Demand |
| COD | Chemical Oxygen Demand |
| ECC | Environmental Compliance Certificate |
| ECD | Environmental Conservation Department |
| EMP | Environmental Management Plan |
| EIA | Environmental Impact Assessment |
| IEE | Initial Environmental Examination |
| MONREC | Ministry of Natural Resources and Environmental Conservation |
| NMHC | Non-methane Hydrocarbon |
| TVOC | Total Volatile Organic Compounds |

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Acknowledgement of Support and Disclaimer

This project is organised by the Hong Kong Productivity Council and funded by the Trade and Industrial Organisation Support Fund of the Trade and Industry Department, the Government of the Hong Kong Special Administrative Region.

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