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Myanmar: Opportunities in Asia's Last Frontier Economy

Myanmar's political and economic reforms offer foreign investors increasing opportunities for entry into what is Asia's last significant frontier economy. International Enterprise (IE) Singapore turns our eye to the country's economic and business landscape, the opportunities and potential challenges, and how Singapore companies can engage Myanmar's market.

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Myanmar is a 'frontier economy'

It is the last sizeable economy and market in Asia that remains untapped.

Singapore companies need to differentiate themselves from international competition by offering a complete chain of solutions

Myanmar's political and economic reforms are leading to the easing of international sanctions. This will attract a wave of international investors, increasing the competition for opportunities.

Initial investors must be prepared to bridge the gap

Myanmar's economy is just opening up and may lack the necessary institutions and expertise to cope with the incoming wave of investment.

Meeting Myanmar's immediate needs will position Singapore companies to capture opportunities in the longer term

Myanmar's emergence from economic isolation has left it with many immediate needs. Plugging short-term gaps will provide the foundation for sustainable economic growth.

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Summary

- Myanmar presents economic opportunities for Singapore companies. It has significant natural resources, a large population, and a geo-strategic location. Its economy has yet to reach its full potential, weakened by decades of sanctions and a policy of economic self-sufficiency.
- Myanmar is undergoing political and economic reforms, which will attract more foreign trade and foreign direct investment (FDI) once the laws are in place. Its domestic industries are also modernising and industrialising.
- The Thein Sein administration is focussed on three key goals: job creation, sustainable growth, and re-engagement of the international economic community.
- While the influx of foreign companies will see increased competition to access Myanmar's resources and consumers, Singapore companies can value-add in many sectors.
- Singapore companies are in good stead because of their long-term relationship with Myanmar. They can build on strengths in urban planning, power, hospitality, manufacturing, and logistics. There are also opportunities in the Special Economic Zones (SEZs).
- There are financial, legal and regulatory challenges to doing business in Myanmar. Singapore companies should focus on short-term, achievable goals, while planning for the longer term.
- Myanmar should enjoy stability and continued reforms in the near future. Nevertheless, companies should prepare for unforeseen contingencies.

Myanmar's Unfulfilled Potential

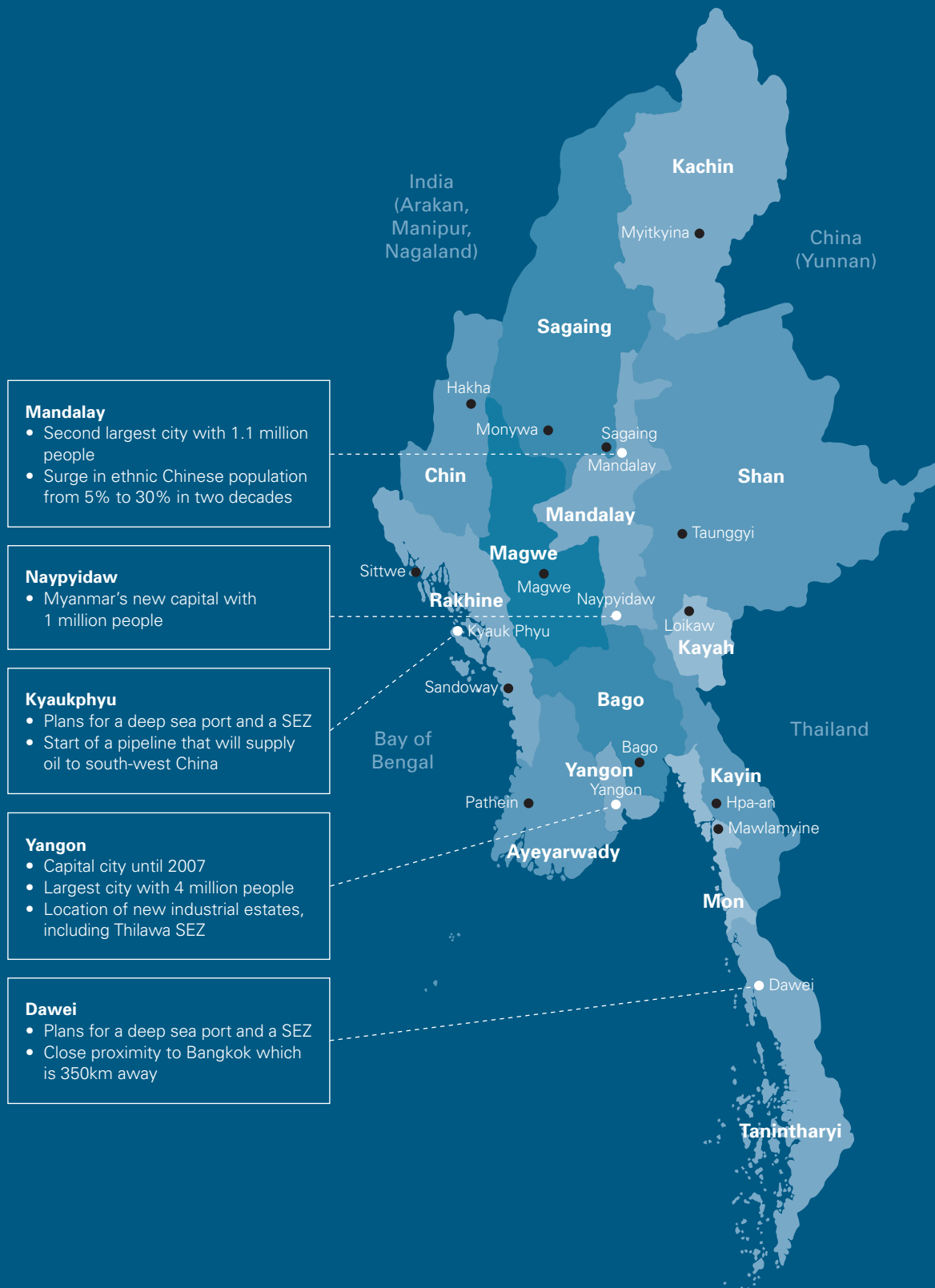
We have seen a burst of business interest in Myanmar since its government embarked on economic reforms in 2011. A few fundamental factors drive this interest. It is a new, emerging economy with a large population and significant natural resources. Yet, it inherits a set of institutions that have been weakened by decades of sanctions and a policy of economic self-sufficiency.

An Overview

More than 59 million people inhabit a land area twice the size of Vietnam. It has 14 provinces, made up of seven states representing the areas of Myanmar's main ethnic groups and divisions. Key population centres include Yangon, Naypyidaw and Mandalay, while new SEZs are planned in Thilawa (near Yangon), Dawei in the south of the country, and Kyaukphyu in the country's northeast.

Myanmar's Unfulfilled Potential

A quick orientation



Mandalay

- Second largest city with 1.1 million people
- Surge in ethnic Chinese population from 5% to 30% in two decades

Naypyidaw

- Myanmar's new capital with 1 million people

Kyaukphyu

- Plans for a deep sea port and a SEZ
- Start of a pipeline that will supply oil to south-west China

Yangon

- Capital city until 2007
- Largest city with 4 million people
- Location of new industrial estates, including Thilawa SEZ

Dawei

- Plans for a deep sea port and a SEZ
- Close proximity to Bangkok which is 350km away

Myanmar's Unfulfilled Potential

Myanmar's Current Economic Make-up

Myanmar economic statistics at-a-glance	
Economic Indicators	Performance
GDP	US\$51.9 billion ¹
GDP Growth	6.0% (2012) ² 5.5% (2011)
GDP Per Capita	US\$880 ³
Inflation	5.8% (2012 - 2013) 4.2% (2011 - 2012) ¹
FDI	US\$20 billion (pledged, 2010 - 2011) US\$329 million (2009 - 2010) ⁵ US\$984 million (2008 - 2009) ⁴
Exports	US\$9.5 billion (2011) US\$8.1 billion (2010)
Largest export item	Natural Gas, US\$2.94 billion ⁵
Unemployment	5.5% (2011) ⁶

The country is a major natural gas exporter whose other exports include oil, teak, and precious and non-ferrous metals. The extractive resource sector – natural gas, timber and mining – as well as power generation, are all sectors with significant FDI. Energy and mining account for 55% of Myanmar's exports and 86% of its FDI.

There is also the potential for Myanmar to develop exports in agricultural outputs and fisheries. Although 34% of Myanmar's population live in urban areas, around 70% of the labour force is employed in the agricultural sector. The country is currently self-sufficient in food and has room to develop its arable land for exports (of rice, palm oil, cereals and pulses) by improving the productivity of the sector through measures like mechanisation.

Myanmar could also witness job creation as it expands its labour-intensive manufacturing sector. Its garment-manufacturing cluster already shows promise for growth. Prior to the sanctions, it exported US\$860 million of garments a year at its peak.

1 International Monetary Fund (IMF)

2 IMF estimates

3 Calculated based on 2009 estimated population size of 59 million from Ministry of Immigration and Population. There has been no national census since 1983.

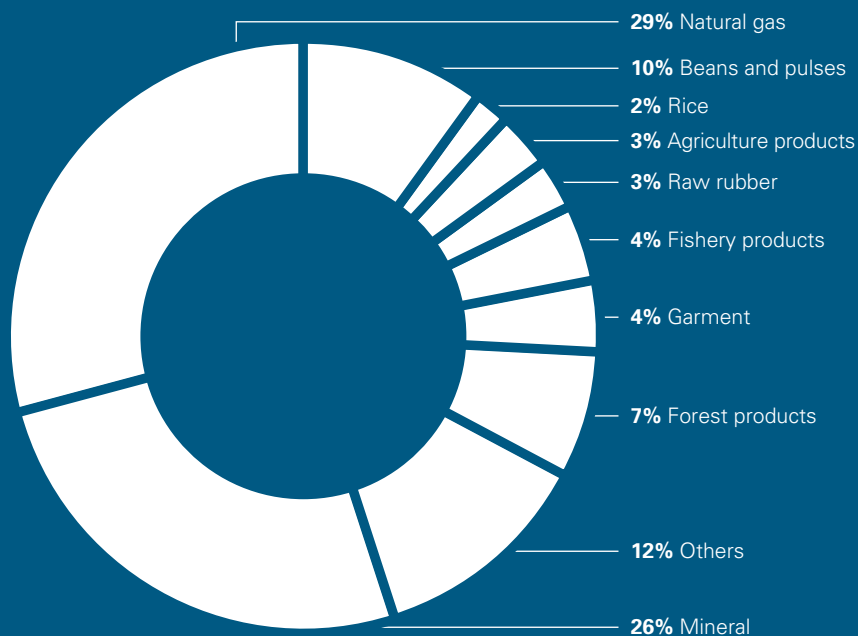
4 Myanmar Investment Commission

5 Myanmar Central Statistical Organisation

6 CIA World Factbook estimate

Myanmar's Unfulfilled Potential

Export earnings by sector



Source:
Myanmar Ministry of Commerce

FDI by sector

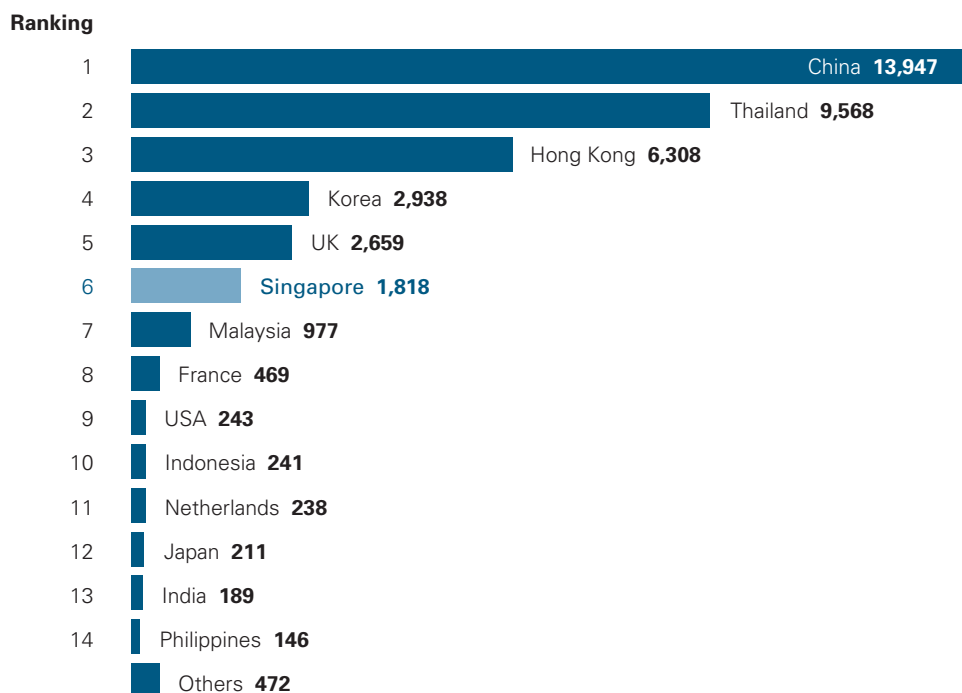
Sectors	Permitted enterprises		
	No.	Approved amount (US\$m)	%
Power	4	14,530	40.3
Oil and gas	104	13,815	38.3
Mining	64	2,794	7.8
Manufacturing	159	1,752	4.9
Hotel and tourism	45	1,065	2.9
Real estate	19	1,056	2.9
Livestock and fisheries	25	324	0.9
Transport and communication	16	313	0.9
Industrial estate	3	193	0.5
Agriculture	7	173	0.5
Construction	2	38	0.1
Other services	6	24	0.1
Total	454	36,078	100

Source:
Myanmar Investment Commission

Myanmar's Unfulfilled Potential

Economic Ties with the World

Cumulative FDI into Myanmar from 1989 to 2012 (US\$m)



Source:
IMF

Located between China, India, Bangladesh and the ASEAN countries of Laos and Thailand, Myanmar offers access to its neighbours and a combined market of close to three billion people⁷. Its strategic location as a conduit to the Indian Ocean has seen China seek to establish an oil and gas pipeline across Myanmar, and Indian and Thai companies explore investment in ports within the country.

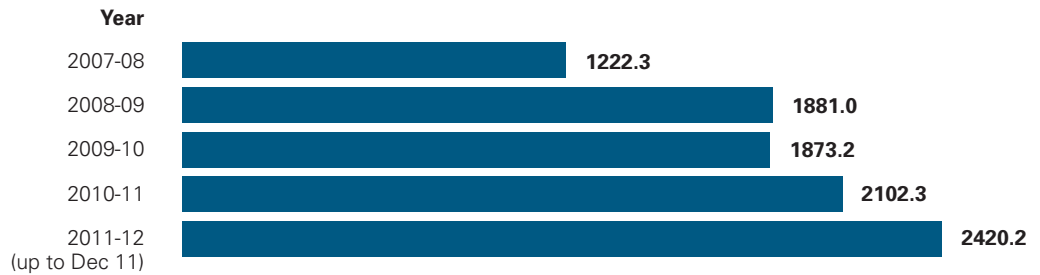
Over the past 20 years, Myanmar's economic relations were mainly with its neighbours. Its two largest investors are China and Thailand, which together account for US\$25 billion worth of investments. The former is both Myanmar's largest foreign investor and its second largest foreign creditor. Recent relations with the Japanese have also been positive. Both countries are working together on a blueprint for the Thilawa SEZ.

7 CIA World Factbook

Myanmar's Unfulfilled Potential

Singapore-Myanmar Economic Relationship

Bilateral trade between Singapore and Myanmar (US\$m)



Source:
Customs Department,
Myanmar

Singapore is the sixth-largest investor in Myanmar with a cumulative investment of US\$1.8 billion in 2011. Bilateral trade between the two countries has doubled from 2007 to 2011 to reach US\$2.4 billion. Singapore is Myanmar's third-largest trading partner, after China and Thailand.

Myanmar is familiar with Singapore. There is a significant Singapore business presence in Myanmar, a large Myanmar community in Singapore and a pool of Myanmar companies using Singapore as an intermediary hub.

The combination of Singapore-Myanmar trade links and the pro-active approach by the Singapore business community has seen Singapore establish itself as one of the preeminent players in sectors such as hospitality and services. This familiarity and warm relations are added advantages for Singapore companies.

Political and Economic Reforms: **Consequence and Opportunity**

Under the Thein Sein administration, Myanmar appears committed to political and economic reformation. The pace of reform has not been derailed by hiccups along the way, such as a recent spate of inter-ethnic violence in the western border regions. This commitment has resulted in sanctions being lifted or suspended. As Myanmar embarks on long-term rapprochement with the West, the West has reciprocated by initiating diplomatic and economic links with Myanmar.

Overview of Economic Reforms

Three key economic policies have been initiated by Myanmar as it seeks to make its investment environment more conducive to foreign investment and implement internal reforms.

Clarifying FDI laws

The Thein Sein administration has simplified existing FDI laws. A draft has been released with the Myanmar parliament expected to sign the final legislation into law by 2012. The key developments include:

- **Land leases:** Land leases will clearly define what the land can be used for. The terms of the grant for land leases will also be more specific.
- **Limited investment guarantees:** Any foreign business that is nationalised will be compensated at current market prices.
- **Guidelines for local labour requirements:** Foreign companies must meet employment targets. All unskilled workers must be Myanmar citizens and foreign companies have 15 years to ensure that at least 75% of their skilled workforce are Myanmar citizens.
- **Foreign equity participation:** Myanmar allows 100% foreign investment in projects approved by the Myanmar Investment Commission and mandates that the foreign partner must contribute at least 35% of the capital. The new laws also states those sectors where joint ventures with local companies are permitted.

Political and Economic Reforms: **Consequence and Opportunity**

Locations of SEZs in Myanmar



Creating Special Economic Zones

Currently under development, the SEZs are designated zones for foreign investors to set up manufacturing bases to export products internationally. The SEZ laws have been passed, and the first three SEZs will be set up in Thilawa, Kyaukphyu and Dawei.

Foreign investors and manufacturers in the SEZs will enjoy pioneer tax exemptions and incentives, including:

- An initial five-year 100% tax exemption, followed by 50% tax relief for the next five years.
- Import duties on raw materials and equipment will be waived, as will VAT on commercial tax.

In our opinion, the Thilawa SEZ has good potential for Singapore companies. It is located near the skilled workforce in Yangon and has existing port infrastructure.

Political and Economic Reforms: **Consequence and Opportunity**

Unifying currency exchange

On 1 April 2012, Myanmar introduced a managed flotation of its currency, the kyat (K). The flotation bridged the discrepancy between what used to be the official rate and rates on the black market, which were significantly higher. The official kyat's rate is now unified at US\$1: K820. While exporters want to see a more devalued exchange rate to boost export volumes in the face of an appreciating black market rate, the unification of the kyat means the following:

- **Helps solve the government deficit:** Government revenues can be more accurately reported and help to eliminate deficit monetisation.
- **Provides more investor certainty:** The current system is simpler than its complex multiple-rate predecessor. It opens access to foreign currency for investors and exporters.

Reforms will Lead to Increased Foreign Competition

The suspension of sanctions means there will be increased international competition for opportunities in Myanmar. The US, EU and Canadian companies have started exploratory visits to the country after their governments announced resumption of diplomatic ties with and, in some cases, developmental aid to Myanmar.

Although some international companies are waiting to see if the sanctions will be lifted permanently before committing, corporations such as Coca-Cola, Indian automotive giant Tata Motors and media conglomerate WPP have all announced plans to enter Myanmar⁸. Coupled with renewed interest in Myanmar from regional players including Thailand, South Korea, Malaysia and India, the competition for contracts is likely to ramp up further.

8 "Coca Cola announces will return to Myanmar after 60 years", Bloomberg, 15 June 2012

Political and Economic Reforms: **Consequence and Opportunity**

Understanding Myanmar's Economic Goals

Myanmar's economic reforms need to be understood in the context of the country's desire to modernise and industrialise. In our interactions with the Myanmar government, they have consistently emphasised that investments have to be aligned with their broader environmental and social goals. The main economic priorities that we see guiding Myanmar's development are:

- **Job creation:** Myanmar seeks to provide jobs for its population through a market-orientated economy and good quality industrial jobs. It is also keen to retain its own skilled workers, while attracting the Myanmar diaspora back to Myanmar.
- **Sustainable growth:** Myanmar wants to achieve economic development in a sustainable manner, both socially and environmentally. The announcement by Myanmar in 2011 to suspend construction of the Myitsone Dam⁹ was in response to protests over the potential negative impact it would have on the communities downstream and the environment. President Thein Sein also reiterated this focus on the development of the country and its people when outlining the second wave of reforms in June 2012.
- **Re-engagement of the international economic community:** The Thein Sein administration is keen to engage more trading partners and investors beyond its immediate neighbours to diversify and strengthen the foundation of its economy. It seeks to leverage overseas countries' developmental experience and ensure balanced foreign participation in new industrial projects.

⁹ Scheduled for completion in 2019, the Myitsone Dam was a joint Sino-Myanmar hydroelectric power development project on the Irrawaddy River

Investing in Myanmar – Strategies for Singapore Companies

The scope of opportunities in Myanmar is immense, given its size, population, resources, market and relatively undeveloped economy. Companies can expect to face immediate demand for their products or services across a wide spectrum of industries. As Myanmar develops its institutions, the prospect of levelling up within a sector is there. However, companies should be aware that this would be a gradual, potentially difficult process.

Seizing Short-term Opportunities

Myanmar has immediate needs in sectors which Singapore companies have a strong reputation and track record. In the short-term, Singapore companies' overall strategy should be to identify where they can provide immediate solutions. Do not ignore the bigger picture as filling short-term gaps in Myanmar will best position Singapore companies to capture long-term opportunities.

Regulatory and legislative restrictions, coupled with the lack of capacity within Myanmar's institutions, may limit its ability to cope with the influx of foreign investment. Myanmar is likely to focus on immediate priorities, and an entrepreneurial approach is needed to seize these opportunities and to deal with realities on the ground. Longer-term, gestational projects will need to factor in the pace of Myanmar's economic reforms.

Creating a Niche for Singapore Companies

There are opportunities in key sectors that any developing economy needs to build capacity in as it modernises. Singapore companies have an opportunity to offer technology, skills training, as well as master planning and operational expertise. Singapore companies' ability to work with international business partners across different sectors is a valuable asset.

Investing in Myanmar

– Strategies for Singapore Companies

Sectors of Opportunity

Financial services

The easing of sanctions is set to fuel growth in the financial sector, while economic development gives rise to demand for trade credit and financing, which is almost non-existent now. However, Myanmar's financial institutions are still relatively underdeveloped due to their isolation from the global banking system. The Central Bank of Myanmar lists 19 private banks in the country, which still operate under tight domestic and international restrictions, limiting the private sector's access to credit.

As the banks develop the required technology and expertise required for global integration, opportunities exist in upgrading the technology involved in the financial sector. Myanmar has long been a cash-based society¹⁰ and tremendous value will be unlocked through the systematic implementation of credit provision and technology. Currently, remittances and transfers are largely dependent on informal money transfer agents.

Myanmar has a rudimentary stock market, the Myanmar Securities Exchange Centre. Established in 1996, it has only two listed stocks trading on it and is not connected to international markets. As business in Myanmar thrives, a developed and capable stock exchange will be another key avenue through which to raise capital.

Next steps: There is an opportunity to work with local banks as they seek to offer more services. Foreign banks may eventually look to secure branch licenses, which could fuel domestic growth through providing commercial and project financing services.

Capacity building and training for the personnel of regulatory agencies and financial institutions will be a crucial first step. Subsequently, institutions will need to be connected with the international financial community to enable cross-border payment systems. There will be a demand for technology for integrated electronic payment systems, ATM networks and banking security, among others.

Singapore can continue to offer its recognised expertise as an international business hub. As corporations seek to raise capital for nearer-term projects, they could tap into Singapore as a source for global capital. The Singapore Stock Exchange (SGX) already hosts Yoma Strategic Holdings, a holding company with real-estate and other assets in Myanmar, and Interra Resources, a petroleum firm with exploration and production rights in Myanmar.

Power generation

Power is a critical issue for Myanmar. Myanmar's power consumption stands at 103.7kWh per capita¹¹, less than what is needed for a modern, industrial economy (as a comparison, Vietnam's power consumption comes in at 917 kWh per capita). There is an urgent need for power to fuel industrialisation as well as provide power to residential areas.

¹⁰ "Myanmar's cash-based economy", Reuters, 30 May 2012

¹¹ World Bank

Investing in Myanmar

– Strategies for Singapore Companies

Currently, most offshore production of natural gas is committed to Thailand. Myanmar will need to secure more gas to fuel power supply in the country, but new gas and power plants will take a few years before they begin production.

Next steps: There is room for Singapore companies to provide an urgent short-term solution to power deficits. In the longer-term, keeping power tariffs affordable and identifying sustainable power sources are critical challenges. The latter issue is of increasing importance. In January 2012, Myanmar halted the construction of a Thai-backed 4,000MW coal-fired power plant at the Dawei SEZ due to environmental concerns.

Myanmar's energy demand peaks in the summer months at 1,850MW. During which, Myanmar's hydroelectric plants are only able to supply around 1,340MW as river levels fall in the summer¹². A 600MW to 700MW standalone power plant that would be able to plug the energy shortfall, could be the answer to Myanmar's immediate power generation concerns.

Urban development

Myanmar is an urbanising country and seeks a conceptual master plan to manage the planned growth of Yangon and other urban areas. At the national level, a master plan that incorporates transport, energy and broad-level economic policies is required. While Yangon already benefits from being developed on an orderly grid plan, urban development plans are needed at the municipal level to avoid the excesses of unmanaged urbanisation seen in other developing cities.

Next Steps: Myanmar has welcomed Singapore expertise in this area. Singapore has extensive experience with urban development and planning. Our track record of working with local and third party foreign firms to create successful townships is highly valued.

Sustainable urban development can be a differentiating factor for Singapore property development and architectural firms. Singapore firms should seek to accommodate the future needs for Myanmar businesses, while preserving the best of the country's heritage.

Industrial development and manufacturing

The country had a thriving garment industry prior to the imposition of international sanctions. It is now looking to attract foreign investors with tax breaks and exemptions targeted at the manufacturing sector. Currently, its garment and apparel industry is a potential low-cost manufacturing base as it operates with low overheads and wage rates.

Next steps: Yangon has several existing industrial parks to consider including Mingaladon, South Dagon and Hlaingthayar. A new industrial zone is being conceptualised in Thilawa SEZ.

¹² New Light of Myanmar, quoting officials from the Ministry of Electric Power No 2

Investing in Myanmar

– Strategies for Singapore Companies

Singapore can offer crucial components for these parks, working with interested foreign and local parties: infrastructure and technology, hardware and software, training workers, marketing the park to foreign interests, providing power and water, processing waste, handling logistics, and developing the township.

However, companies need to exercise due diligence, especially in seeking clarity on the capacity of the required infrastructure for production and export.

Ports and logistics

Around 300,000 TEUs and 16.7 million tonnes¹³, accounting for close to 100% of Myanmar's cargo, pass through the ports of Yangon and Thilawa. While trade flows are likely to increase as Myanmar industrialises and continues to open up, Yangon's river ports may have difficulty handling deep-sea vessels, and increased congestion is expected.

Next steps: With development, infrastructure construction and industrial activity are likely to pick up. There is already demand for both bulk cargo and liquid bulk cargo ports to handle the import of petroleum products for inbound distribution. Inland, there is a need for logistics services, container depots and freight stations. There are opportunities for companies with operations and management expertise to participate in such ventures. The infrastructure construction opportunities will also attract interest from engineering, procurement and construction (EPC) companies.

Hospitality

Tourism is a booming sector in Myanmar. Hotels in Yangon and popular tourist destinations such as Mandalay and Inle Lake are in high demand. With upcoming events such as the Southeast Asian Games in 2013 and Myanmar's ASEAN chairmanship in 2014, tourist arrivals are expected to increase three-fold from 300,000 to one million annually.

The increased demand in this sector is likely to see local developers seeking collaboration with foreign investors through management contracts or joint ventures.

Next steps: The opportunities range from heritage redevelopments in the city centre, the need for serviced apartments to cater to a growing influx of expatriates, and business hotels in the country's various growth hubs. Companies can also look to provide related services such as training, retail, spas and supplies.

As the largest player in the Myanmar hotel industry and the biggest investor in Yangon's three largest hotels, Singapore companies have a head start when it comes to understanding this sector.

¹³ Figures from 2009 to 2010, Myanmar Port Authority

Investing in Myanmar

– Strategies for Singapore Companies

Information and Communications Technology

Telecommunications and Internet access are expected to become more widespread within Myanmar as the government seeks to develop its information and communications infrastructure. The country has a low mobile penetration rate of just 1.5% (around 800,000 subscribers), and an Internet penetration rate of 0.2%¹⁴. The Ministry of Communications, Post & Telegraphs has indicated plans to release four more telecommunications licenses for both domestic and foreign investors¹⁵.

Next steps: At the broadest level, this could involve Singapore companies engaging the government through training and advisory support, and investment in telecommunications infrastructure.

The development of the sector will present further opportunities in areas such as wireless broadband, VoIP (voice over internet protocol) services, and even information and communications technology training and education.

Agriculture

Agriculture dominates the Myanmar economy and up to two-thirds of the population is employed in this sector. However, Myanmar agriculture is in need of modernisation and productivity improvement. While agriculture provides 43% of Myanmar's GDP, it accounts for only 17% of its export earnings. In particular, there is potential for large-scale cultivation of:

- Palm oil – in the Tanintharyi region in the south of the country
- Rubber – in the northern areas of the country¹⁶
- Rice – in the plains of the Irrawaddy Delta
- Fruits and vegetables – in highland areas

Next steps: Myanmar's agricultural sector could improve, given its natural advantages of ample water resources and low cropping intensity. Singapore companies can participate in both the upstream and downstream portions of the value chain.

Upstream, Singapore could introduce the technology and training to mechanise farming methods, and invest in the research and development of more resilient crop varieties. This would improve farming efficiency and crop yields, creating surpluses for export. Singapore could also participate in the downstream logistics and also provide final demand from the agricultural zones.

¹⁴ "Myanmar - an untapped telco market", Nomura Equity Research, 14 Mar 2012

¹⁵ "Myanmar ponders opening telecoms market", Wall Street Journal, 19 Mar 2012

¹⁶ "Why peace and land security is key to Burma's democratic future", Transnational Institute, May 2012

Risks, Challenges and Solutions

Myanmar has long operated under a centralised command economy that emphasised self-sufficiency. Coupled with the impact of sanctions, its institutions and enterprises have been relatively isolated from the international market. Market entry is therefore complicated by information gaps, infrastructural challenges and policy risks. The influx of foreign investments may also lead to the risk of a 'bubble' forming.

Risks and Challenges

As with any market entry, there are issues that companies need to be aware of. Myanmar has many potentially attractive opportunities, but at present it remains a frontier economy with the attendant risks and challenges that comes with that. Singapore companies planning to enter Myanmar should be aware that some of the immediate challenges facing them would include:

An underdeveloped financial system

Singapore companies should be prepared to self-finance investments. Both project financing and trade financing within Myanmar are extremely limited and will continue to be so until sanctions are fully lifted and banks have a better ability to assess Myanmar's risk. Repatriation of money out of Myanmar is a controlled affair. Enterprises operating in Myanmar should ensure that they, and their investments, are protected and that they are able to repatriate money if necessary.

Market forces now determine the kyat's value, with room for the Central Bank of Myanmar to manage the flotation. As Myanmar is a major resource exporter, many exporters have faced issues with the strength of Myanmar's currency, which is affecting export competitiveness. Investors should stay abreast of both prevailing market forces and government policies.

Risks, Challenges and Solutions

The current investment regulations protect investors against nationalisation and expropriation, and Myanmar is also covered under the ASEAN Investment Guarantee Agreement. As international institutions assess the developments in Myanmar, it would also be prudent to consider political risk insurance for large investments when this becomes widely available for Myanmar. While the laws are in place, investors should also be mindful that implementation is not a proven process.

Lack of infrastructure

Myanmar is still developing its hard and soft infrastructure. Companies may have to deal with insufficient telecommunication infrastructure and coverage. Transport and logistical links are still underdeveloped, and the lack of power may present problems for businesses operating in Myanmar.

Pace of reform

Myanmar is implementing wide-reaching reforms, but they will take time to come into effect. The legislative changes are being adapted to changes on the ground as the country readies itself for foreign investment, but these are sometimes unclear and there may be uncertainty. Myanmar was isolated for a long period and its people may be unused to dealing with the demands of foreign firms.

There are also some sectors where legislation has yet to change. The financial sector, for example, is not developing at the same pace as other sectors of the Myanmar economy and foreign banks cannot establish full banking services in the country¹⁷.

Politics and partners

The country's continued policy of economic openness will depend on the prevailing politics. The Thein Sein administration appears committed to this process, with Myanmar presidential advisor, Ko Ko Hlaing saying in June 2012 that the reform will continue at a swift pace¹⁸. Investors should keep abreast of changes in Myanmar's political environment.

Tackling the Challenges

Myanmar will remain a challenging market for Singapore companies new to it. It requires serious commitment of time and financial resources. The knowledge gap can be filled through talking to contacts both in Singapore and Myanmar, making country visits and ensuring that due diligence is done.

There are sectors in Myanmar that require immediate solutions; seize opportunities in those that correspond to your strengths. The realities on the ground, such as legislative and regulatory restrictions, or the dominance of sectors by certain companies, should not be ignored. Assess the probability of success before proceeding with market entry.

17 "Mixed Burma signals give some foreign investors pause for thought", The Irrawaddy, 19 June 2012

18 "Myanmar's President's aide denies Suu Kyi rift after criticism", Bloomberg, 8 June 2012

Making Plans

Myanmar is in the spotlight. With the upcoming SEA Games and ASEAN chairmanship, its political reforms and economic liberalisation are likely to continue. This should see increased engagement from the West and international organisations. There will be further opportunities created for Singapore companies, but this will also intensify the competition.

The pace of change looks set to accelerate after President Thein Sein recently announced the goal of tripling the size of the economy within five years¹⁹. This ambitious goal must come with a major expansion in the scope and level of foreign investment.

Identify and Establish Niche Opportunities

Myanmar has myriad opportunities. While most require the capacity for large-scale delivery, small and medium-sized enterprises can identify and provide selected services or products within key sectors. Myanmar has actively identified and called for foreign investment in these. Pre-planning is required to enable enterprises to deliver solutions that meet specific needs, from hardware to training.

To access downstream opportunities, Singapore companies will need to have established a meaningful foothold by providing a needed service or adding value to the chain. This will require due diligence and careful feasibility studies, but Myanmar does offer large scope for development.

For smaller industry players, the most obvious opportunities lie in ancillary support to these big sectors. Providing localised private transport solutions, supplying construction machinery, or importing real estate supplies are all niche areas that Myanmar requires as it urbanises and modernises.

¹⁹ "Myanmar sets audacious growth goal", Wall Street Journal, 22 June 2012

Making Plans

There are opportunities for early adopters to work with public and private partners within Myanmar to shape these sectors in a way that would ensure long-term sustainability and mutual success.

Build Business Ties

Singapore enterprises should leverage their 'soft power', such as the sizeable Myanmar community in Singapore, the long and amicable relationship between the two states, and strong cultural and historical links between the communities in both countries to strengthen their position.

Quick Wins with a Long-term View

Although building an enterprise over a period of time is important, obtaining immediate results wins trust. Singapore companies should combine short-term objectives with long-term strategies.

Given the dominance of state-owned enterprises, the interlinking of public and private business interests is inevitable in Myanmar and companies should plan accordingly. Risk mitigation is essential in a frontier market like Myanmar's and companies should have a contingency plan in place should circumstances change.

Further Information

A selection of useful resource sites on Myanmar. These are cited chiefly as a reference and do not constitute an endorsement or recommendation of their views.

Mizzima. Bilingual English-Burmese news agency and aggregator, with head office in India and journalists in Myanmar, India, Bangladesh, Thailand and China
www.mizzima.com

Myanmar's Central Statistical Organisation. Contains some monthly economic indicators released by the Myanmar government. Some other statistics are decentralised and available on respective agency or ministry websites.
www.csostat.gov.mm

Myanmar Times. Bilingual English-Burmese newspaper, published in Myanmar.
www.mmtimes.com

Myanmar Yellow Pages. Online directory of Myanmar businesses.
www.myanmaryellowpages.biz

Online Burma/ Myanmar Library. Comprehensive resource of scholarly articles and resources. Reading room contains original scans of the government-published New Light of Myanmar, an English-speaking publication outlining government activities and policies.
www.burmalibrary.org

The Irrawaddy. Bilingual English-Burmese newspaper, published in Thailand but covering Myanmar and Southeast Asia.
www.irrawaddy.org

International Enterprise Singapore

International Enterprise (IE) Singapore is the government agency driving Singapore's external economy. We spearhead the overseas growth of Singapore-based companies and promote international trade. Our vision is a thriving business hub in Singapore with Globally Competitive Companies (GCCs) and leading international traders.

Trade has always been the backbone of Singapore's economy. In addition to promoting export of goods and services, IE Singapore also attracts global commodities traders to establish their global or Asian home base in Singapore. Today, Singapore is a thriving trading hub with a complete ecosystem for the energy, agri-commodities and metals & minerals trading clusters.

GCCs are a critical growth engine for the next phase of Singapore's development. GCCs compete on the global stage against the very best in their industries. They contribute to Singapore's economic resilience, develop Singaporeans into global business leaders and strengthen the Singapore brand. Through our Global Company Partnership, we work with Singapore-based companies in their various stages of growth towards being globally competitive. We customise total solutions in capability building, market access and financing for these companies as they internationalise.

Our global network of overseas centres in more than 35 locations provides the necessary connections in many developed and emerging markets. In Southeast Asia, we are present in six locations namely Bangkok, Kuala Lumpur, Jakarta, Surabaya, Hanoi and Ho Chi Minh; this year, we will be opening our overseas centre in Yangon, Myanmar.

Visit www.iesingapore.com for more information.

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