



Trade and Investment Policy Reforms in Myanmar



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Content

National Economic Policy

New Investment Law

**Short-term Trade
Promotion Strategy**



Key Elements

National Economic Policy covers wide range of policy agendas



Modernizing
Agriculture Sector



Public Finance and
Financial Sector Reform



Infrastructure
development



Role of SMEs



Employment Sector
growth



Improved Legal
Framework



Reforming in State-
owned Economic
Enterprises



VISION



To deliver people-centered, inclusive and sustainable economic development.



To establish the economic framework that will promote national reconciliation through sustainable resource mobilization and equitable allocation across every state and region



MISSION

- To contribute to **national reconciliation** and the development of a federal democratic union
- To foster equitable **economic development** across all states and regions
- To enhance **capacities** for the youth
- To continuously **maintain the economic success** through innovation, diligent effort and inclusive participation of all citizens.



Myanmar Economic Policy

1. Insuring fiscal prudence through transparent and **strengthened public financial management**
2. Revitalizing, reforming and/or privatizing **state enterprises and** Supporting **SMEs** as generators of employment and growth
3. Fostering **human resource and capital** through stronger academic and vocational training
4. Prioritizing **infrastructure** development including electricity generation, roads and ports, and Establishing an **E-Government** System that includes Data ID Card System and comprehensive Digital Government Strategy



Myanmar Economic Policy

5. Creating **employment opportunities** for citizens and returnees and Promoting **labor-intensive businesses** in the short term
6. Formulating a balanced industrial and agricultural economic model in order to achieve **inclusive development, food security** and **increased exports**
7. Ensuring economic freedoms for every citizen to engage in business activities that **promote a vibrant private sector**, Crafting a specific policy to promote foreign investments and Strengthening the rule of law and property rights
8. Establishing a financial system that ensures a **stable financial and monetary environment** and generates necessary capital for businesses, farmers and households

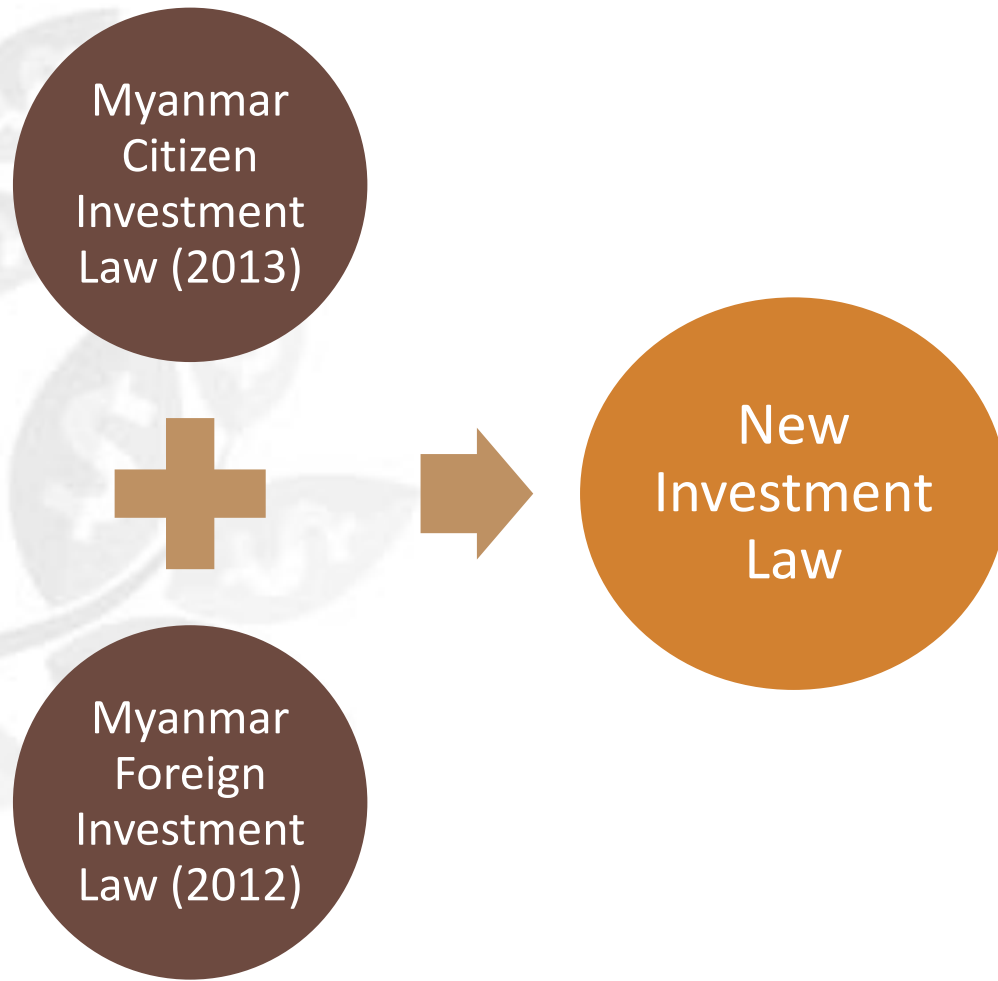


Myanmar Economic Policy

9. Building **environmentally sustainable cities**, optimizing public utilities, reinvigorating public spaces and preserving cultural heritages
10. Formulating a **fair and efficient tax system** that increases government revenue and protecting property rights through enactment of laws, rules and regulations
11. Enacting rules, regulations and procedures that **protect intellectual property rights** to encourage innovations and advanced technological breakthroughs
12. Forging stronger business links within the ASEAN region and beyond as a foundation for improving the **business climate** to establish domestic enterprises with good prospects



New Investment Law



- level-playing field for investors
- simplifies the investment process and provides tax-breaks and other incentives
- The regulation for the new investment law will be issued in very near future
- The new Myanmar Companies Act is also being drafted



Simplified Application Process

2012 Foreign Investment Law

Investors need to submit a proposal to the Myanmar Investment Commission (MIC) to obtain a permit



New Investment Law

Investors need to submit a proposal only for:

- the businesses that are strategic for the country
- the capital intensive investment projects
- the businesses that have large potential impact for the environment and the local community
- the businesses that utilize public lands and properties
- businesses which are designated to require the submission to MIC



Tax Exemption and Reliefs

Under new investment law, **income tax exemption** for

- 7 consecutive years in less developed regions (Zone 1)
- 5 consecutive years in medium developed regions (Zone 2)
- 3 consecutive years in high developed regions (Zone 3)

If the profits are **maintained in a reserve-fund** and **reinvested** :

- Exemption or relief from income-tax on profits
- Right to deduct from profits assessed for income-tax, the **depreciation** calculated at accelerated rates for capital assets
- Right to deduct from the assessable income, such **expenses incurred in respect of research and development**



Other Tax Exemption and Reliefs

- On machinery, equipment, instruments, construction materials, other materials during the **period of construction and for expansion of business**
- On raw materials and semi-finished goods imported **for production of export goods**
- On imports of raw materials and semi-finished goods, based on volume of goods, in case of export of goods produced through from domestic production from such imported raw materials and semi-finished goods (**claim for reimbursement after export**)

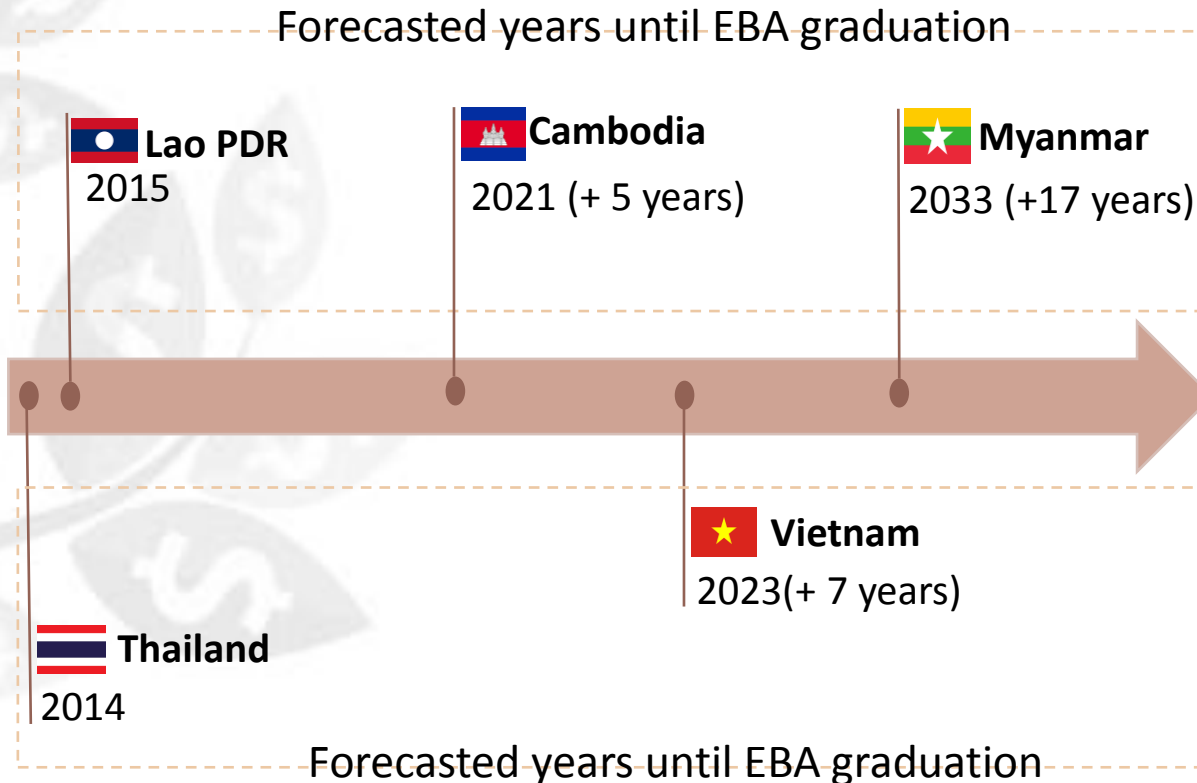


Rights to Use Land

- Right to obtain a **long-term lease of land** either from private land-holders or from government in the case of state-owned land
- Investor may lease land up to an initial period of 50 years with consecutive period of 10 years and a further consecutive period of 10 years
(50 years + 10 years + 10 years)
- The Commission **may grant a longer period** for the rights to lease land and the rights to use land to investors who invest in less economically developed and remote regions



Economic Potentials of Myanmar



- **Everything But Arms (EBA)** offers **full duty free** and quota free access for over 7,000 tariff lines except for arms and ammunition, to EU
- Often **3-6% lower tariffs**
- For **Least Developed Countries**

- **Generalized Scheme of Preferences (GSP)** offers **duty free** for 5400 products

Source: NESDB, Ministry of Immigration and Population, Thailand, Roland Berger

Market Potential

- Almost untapped **domestic market**
 - Access to **regional markets**, and **gateway** between ASEAN and South Asia
 - Rapid **reintegration with the global economy**
 - Potential for regional hub in global supply chain with the **implementing SEZs in the strategic locations**
- **Regulatory reform** and **legal infrastructure** development
 - Young **labor force**
 - Endowment of **natural resources and raw materials** for production of value-added goods and producer goods
 - **Opportunities** in agriculture, fisheries and livestock sector, tourism sector, education and health care sector, labor-intensive manufacturing and infrastructure



Economic Potentials of Myanmar

Special economic zones in Myanmar

Kyaukpyu

Citic Group of China leading development of industrial park, port
Starting point of oil, gas pipelines from Myanmar to China

Thilawa

Joint development by three Japanese trading houses, Japan International Cooperation Agency and Myanmar government
Large-scale industrial park started operating in autumn 2015

Dawei

Joint development by Japan, Myanmar, Thailand
Expected to attract petrochemical, other heavy industrial companies



THANK YOU !

