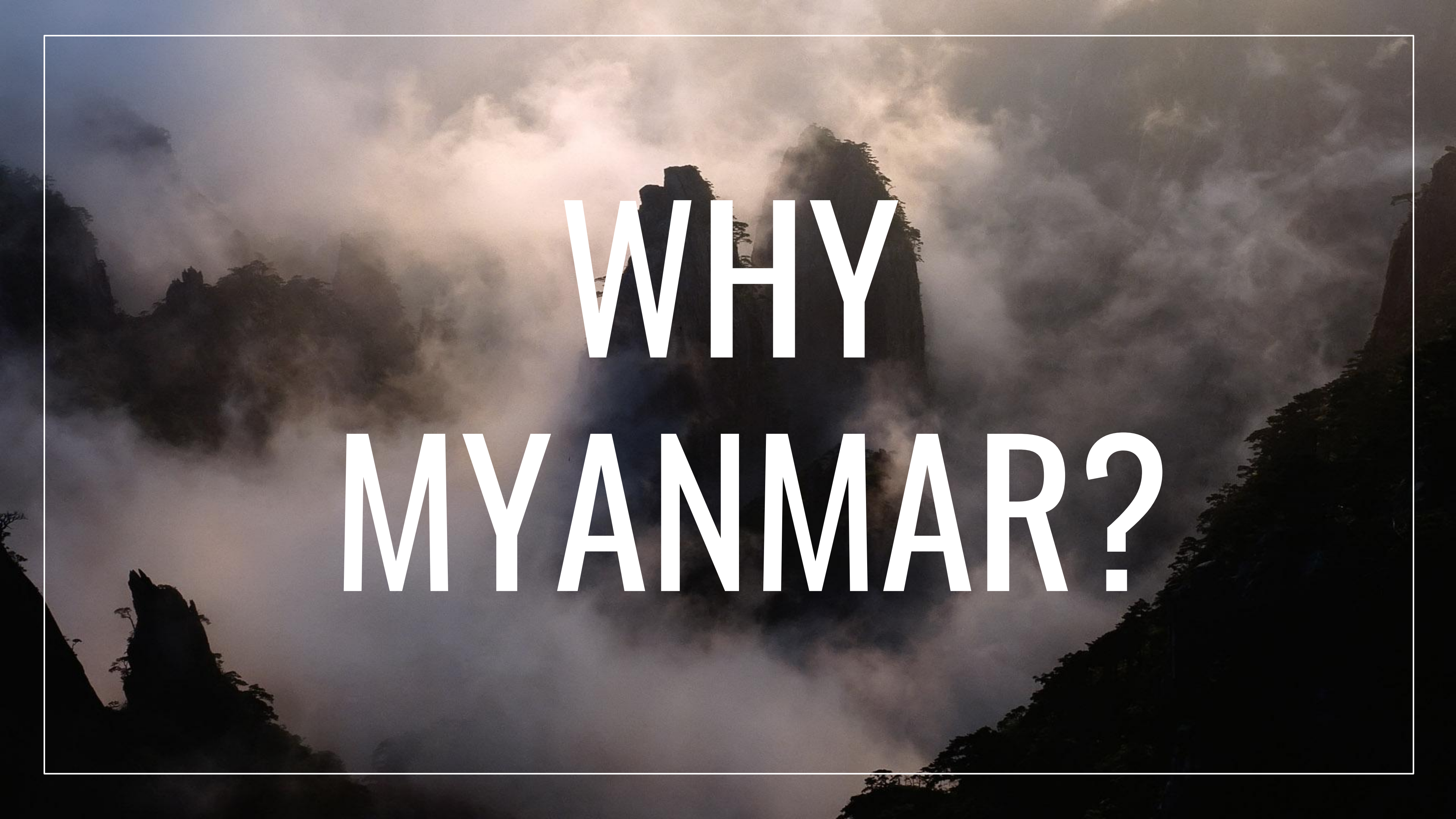
Opportunities & Risks in Investing in Myanmar

OVERVIEW…

	Myanmar	Laos	Cambodia	Vietnam	Thailand
Population million	53.37	6.86	16	94.54	69.04
GDP USD (billion)	69.32	16.85	22.16	223.86	455.22
GDP growth rate Aunual %	6.4%	6.8%	6.9%	6.8%	3.9%
GDP per capita USD	1,298.9	2,457.4	1,384.4	2,343.1	6,593.8

Source : World Bank (2017)


WHY
MYANMAR?


The opportunity...
Potential to achieve $200 billion+
GDP in 2030, over four times as high as today
Potential to create more than 10 billion
additional non agricultural jobs by 2030
500 million
people living in countries bordering Myanmar and the closet parts China and India, a huge potential market

...and the risks

$1500

average productivity of a worker in Myanmar today, about 70 percent below that of benchmark Asian countries

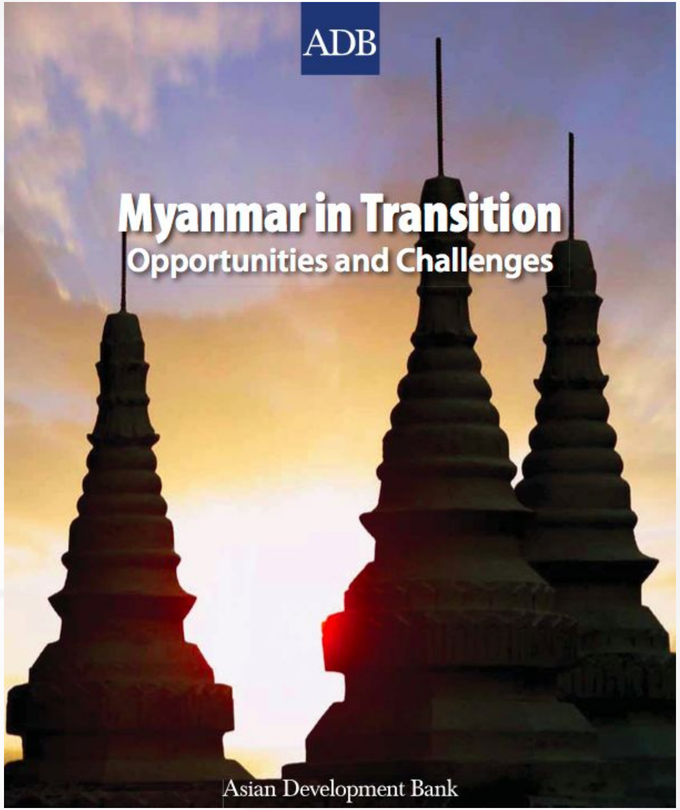
4 years

of average schooling in Myanmar by UNDP human development

$650 billion

Total investment needed by 2030 to support growth potential, **$320 billion** in infrastructure alone

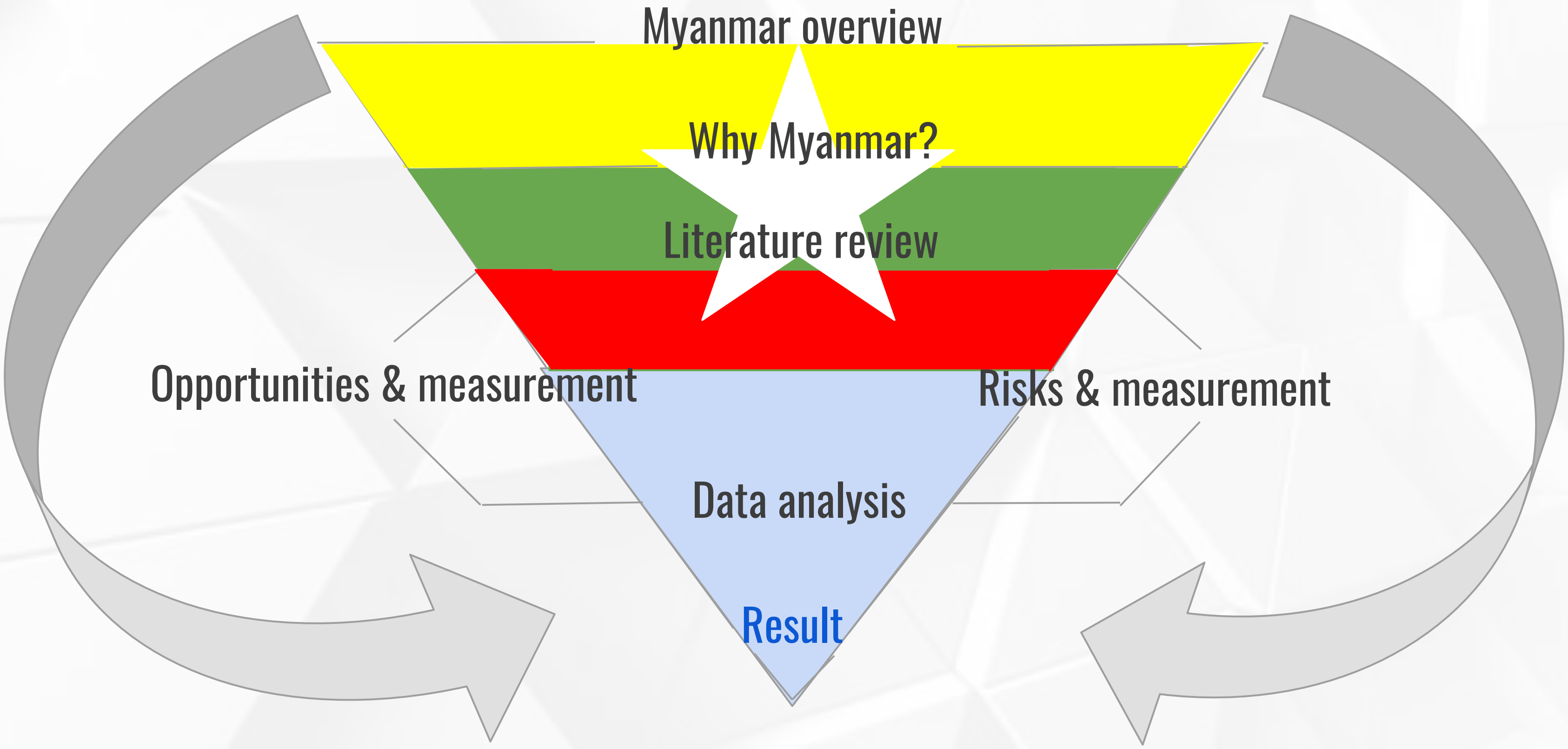
Literature review



ASIAN DEVELOPMENT BANK

“ Myanmar is making brave new moves, as did many of the region’s high growth and transition economies decades earlier. It is opening up to trade, encouraging foreign investment. lessons can also be drawn from the experiences of other successful countries creating new opportunities for Myanmar as well as contributing to a more balanced global economy.”

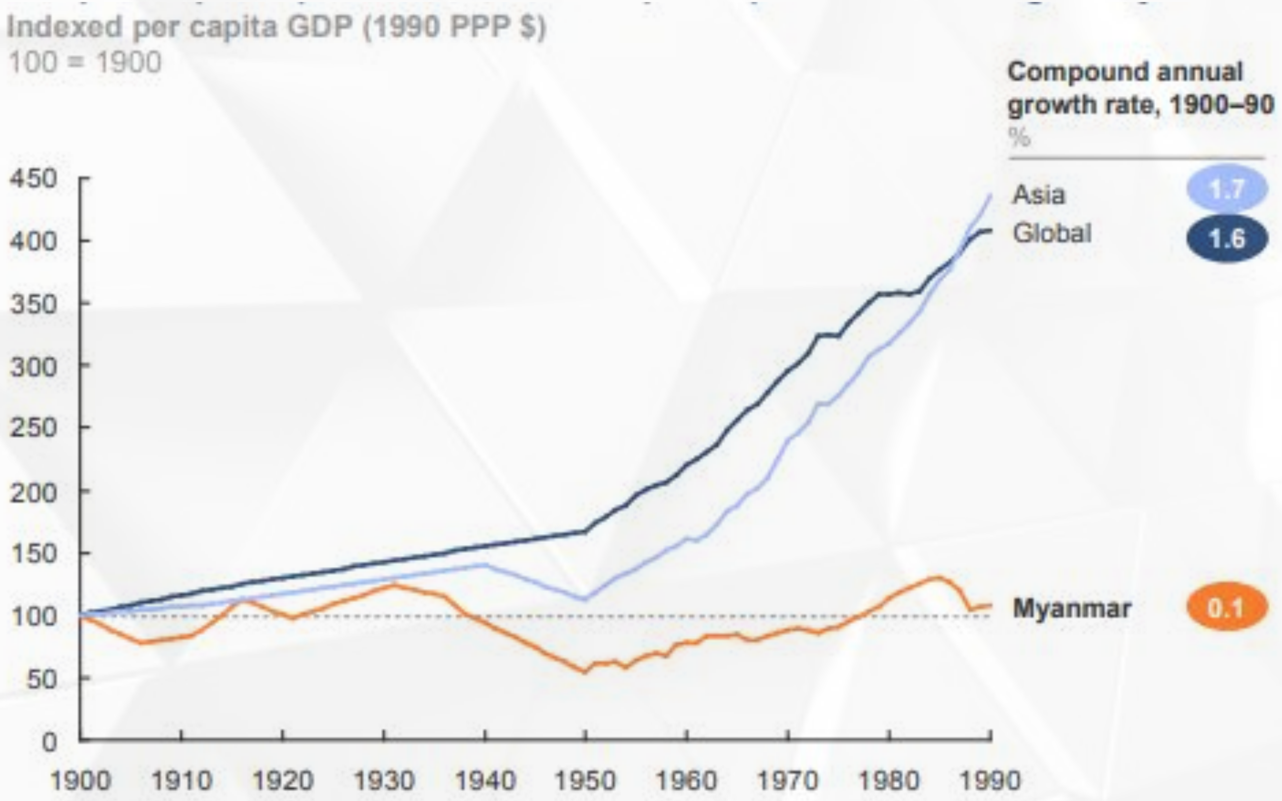
Conceptual framework



Opportunities

New Myanmar

- Since Myanmar had isolated the country for 6 decades so they experience **economy stagnation** while Asian economy were growing and just open the country in 2012.
- In order to catching other countries, Myanmar started many **reforms** such as liberlized in media, law and regulation, policy. Myanmar is undergoing a fundamental political and economic **transformation to a democratic, federal and peaceful national state.**
- The Government is **encouraging foreign investment** in less developed parts and also give subsidies to important sectors such as healthcare and education.



SOURCE: Angus Maddison, *Historical Statistics of the World Economy: 1–2008 AD*; International Monetary Fund; McKinsey Global Institute analysis

Foreign investment by Country

No.	Country	USD in mil	%
1	China	18,392	30.85
2	Singapore	16,117	27.04
3	Hong Kong	7,468	12.53
4	Thailand	3,788	6.35
5	Republic of Korea	3,483	5.84
6	U.K.	3,478	5.83
7	Vietnam	2,079	3.49
8	Malaysia	1,335	2.24
9	The Netherlands	760	1.28
10	India	728	1.22
11	Other countries/regions	1,984	3.33
	Total	**59,612**	**100.00**

Foreign investment by sector

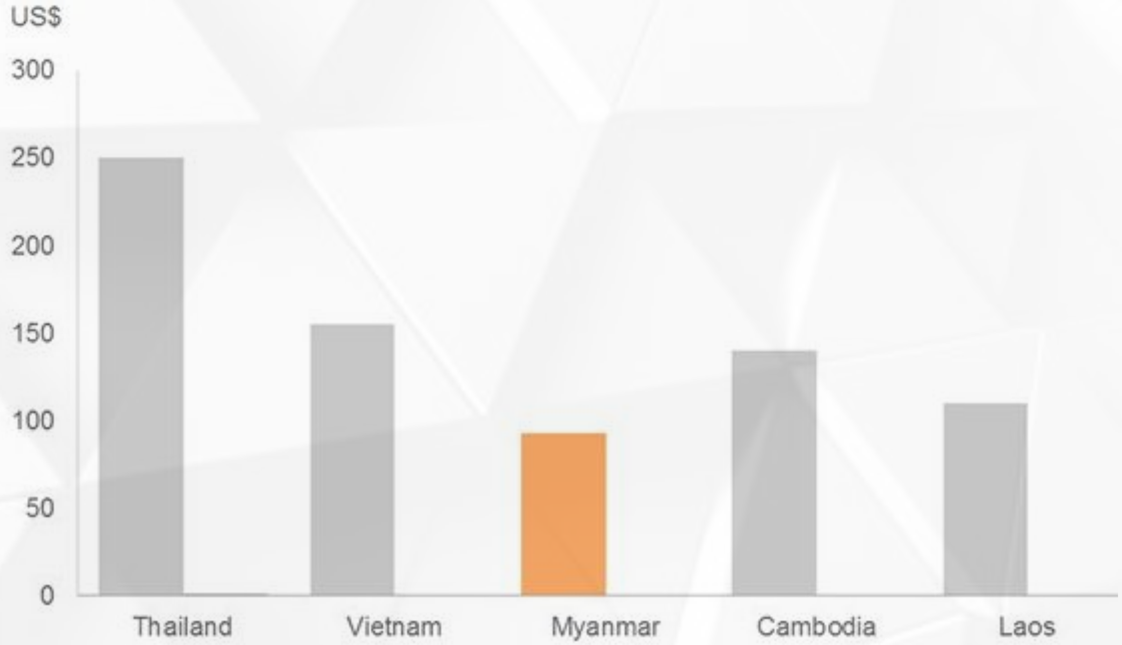
No.	Industry	USD in mil	%
1	Oil and gas	21,487	36.04
2	Power	14,565	24.43
3	Transport & communication	7,978	13.38
4	Manufacturing	6,409	10.75
5	Real estate development	2,657	4.46
6	Hotel & tourism	2,590	4.34
7	Mining	2,353	3.95
8	Livestock & fisheries	298	0.50
9	Agriculture	221	0.37
10	Industrial estate	189	0.32
11	Other services	865	1.46
	Total	**59,612**	**100.00**

Source : PWC (31 March, 2017)

Youth & Low-Cost Labor

- With more than half of its 53.37 million people under the age of 30, Myanmar offers a reasonably large pool of **youth workforce** over the mid-to-long term
- The country's old minimum wage of 3,600 kyat ($3.20) or around 85 baht was introduced in September 2015, and in 2018, the National committee set a **new minimum wage at 4800 kyat** ($3.60) or around 110 baht.
- Low labour cost gives Myanmar a competitive advantage in **boosting labour-intensive industry**

Minimum wages for CLMV & Thailand



Source: Government bureau and news reports

Transportation

Borderland

Nepal
Arunachal Pradesh
Sikkim
Bhutan
Guizhou
Assam
Nagaland
Manipur
Bangladesh
Yunnan
Jharkhand
West Bengal
Myanmar (Burma)
Hanoi
Tripura
Odisha
Bhubaneshwar
Mizoram
Laos
Yangon

Land transport - Roads

Major highways

- Mandalay-Muse highway
- Meiktila-Tachileik highway
- Mandalay-Moreh highway
- Yangon–Mandalay Expressway

Land transport - Roads

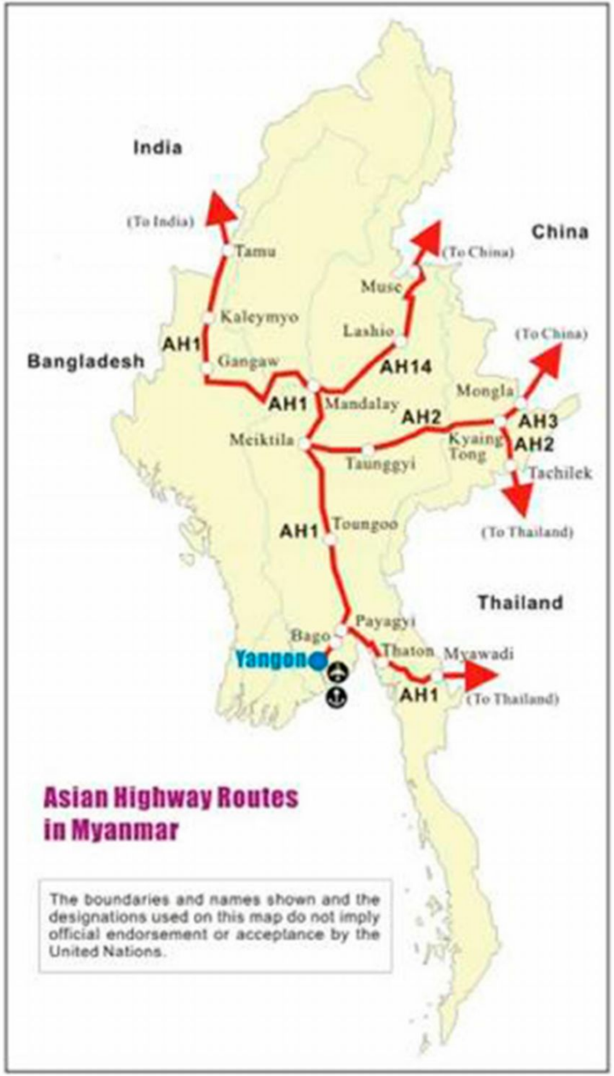
Burma road

- Linking Yangon, Myanmar with Kunming, the southwest of China.

Land transport - Roads

ASEAN highway routes

- Part of the GMS Economic Cooperation Program
- Link Myanmar with China, India, and Thailand



Land transport - Rails

- ➔ Total length : 5,403 km (3,357 mi)
- ➔ 858 stations
- ➔ Network
  - ◆ Upper Myanmar
  - ◆ Lower Myanmar
  - ◆ Yangon circular railway
- ➔ 18 freight trains
- ➔ 379 passenger trains

https://en.wikipedia.org/wiki/Myanmar_Railways#Yangon_Circular_Railway

Land transport - Rails

Railway links to adjacent countries

➔ There are currently no rail links to adjacent countries.

China - Myanmar Railway
in 2020

https://www.travelchinaguide.com/china-trains/myanmar/

Air transport

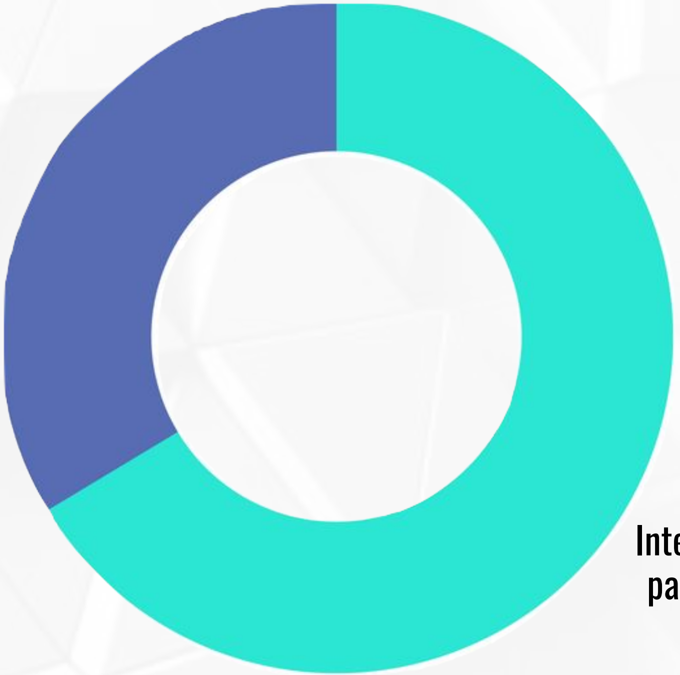
- ➔ 69 airports in the county
- ➔ 3 international airports
  - ◆ Yangon
  - ◆ Mandalay
  - ◆ Nay pyi taw

https://www.chinatravel.com/myanmar-travel/transport/myanmar-air-trans

Air transport

Year	Passengers
2016	5,454,188
2017	5,916,597

Passenger traffic to Yangon in 2017



Source: Yangon International Airport

Water transport

4 important rivers in Myanmar

Ayeyarwaddy river

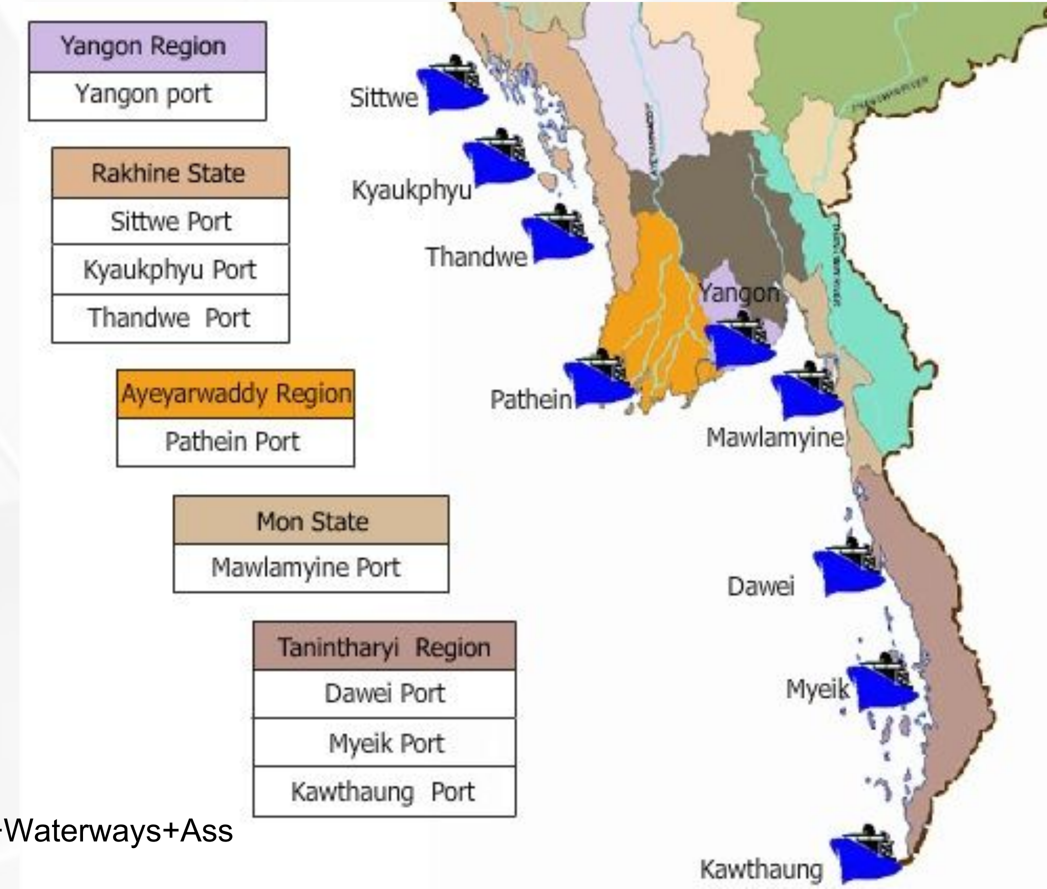
Thanlyin river

Sittaung river

Chindwin river

Water transport

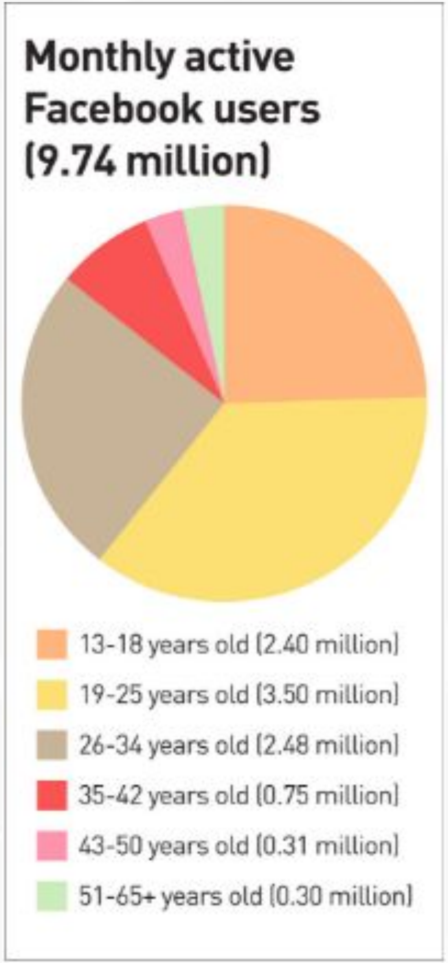
- ➔ 1,200 miles of uninterrupted coastline
- ➔ 9 main ports
- ➔ One of the cheapest transport options



http://dlca.logcluster.org/display/public/DLCA/2.5+Myanmar+Waterways+Assessment

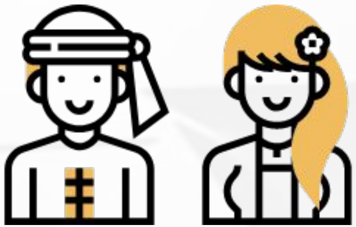
Telecommunication

- Myanmar remains **one of the last underdeveloped telecommunication** markets in Asia, however this gap is being bridged quickly with a focus on mobile services and exploding growth in that sector.
- Mynanmar's mobile market has experienced very **rapid growth** from 2013 to 2017



2015 Digital usage in Myanmar

Total population



53.9 Million

Urbanisation 33%

Active internet users

5.0 Million

Penetration 9%

Active social media users

7.3 Million

Penetration 14%

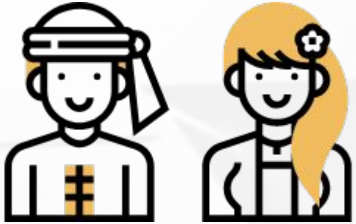
Mobile subscriptions

30.0 Million

VS population 56%

2017 Digital usage in Myanmar

Total population



53.37 Million

Urbanisation 36%

Active internet users

15.0 Million

Penetration 28%

Active social media users

15.0 Million

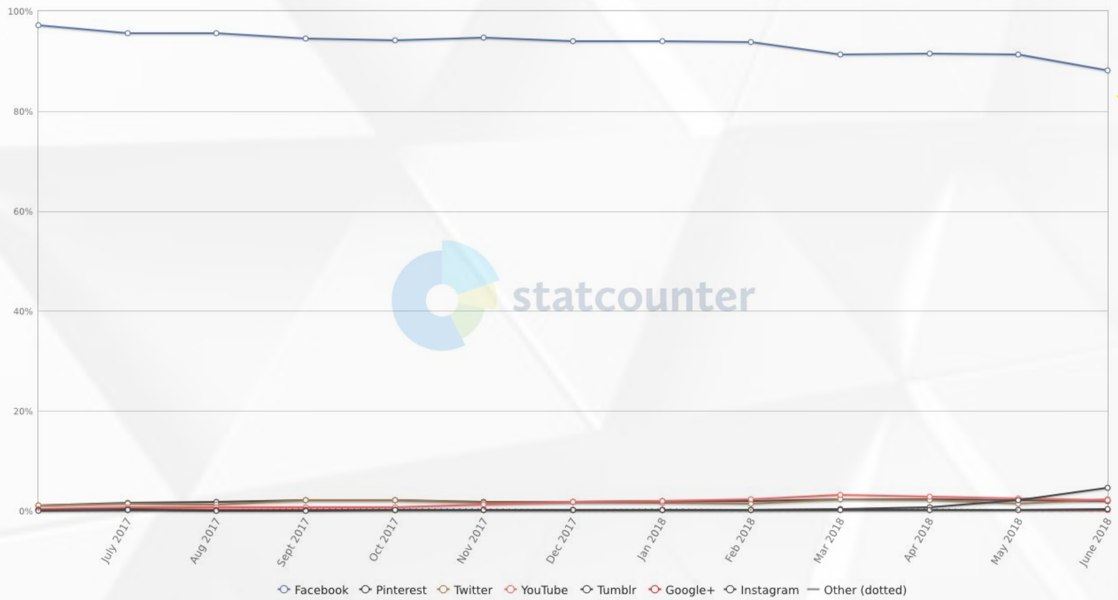
Penetration 28%

Mobile subscriptions

50.56 Million

VS population 95%

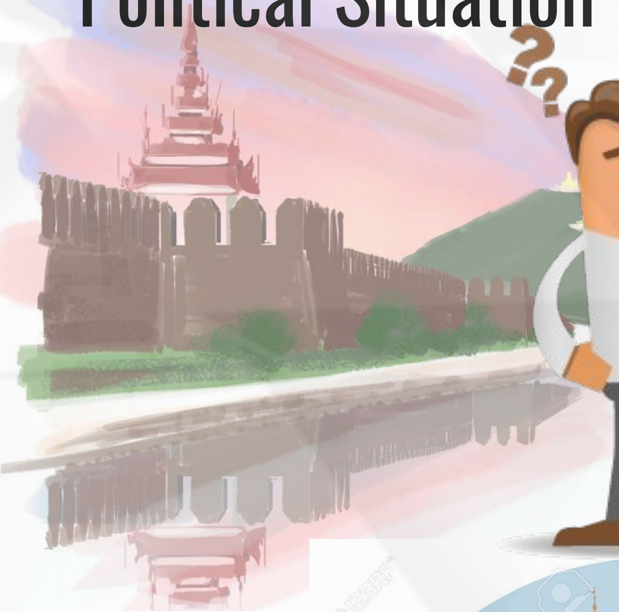
Social Media Stats Myanmar from June 2017-June 2018

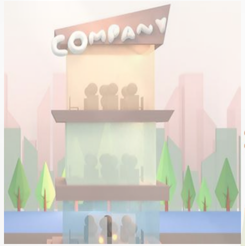


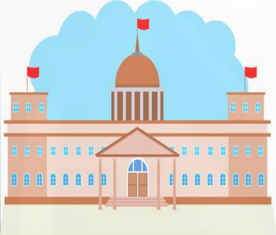
Source: Statcounter Global Stat

Risks

Political Situation





Government

infrastucture

- Road condition
- Electricity

trade&investment

- Tariff
- Laws & regulation

policies

relations

- Internation relations
- Political economy

Financial system

- Banking system
- Debt
- Expenditure

Human capital

- Education
- Labor skill

Political Party

Aung San Suu Kyi

- Democratization and international opportunities

Thein Sein

- National industrialization and market economy

General Than Shwe

- Poorest country in Southeast Asia

Skilled labor

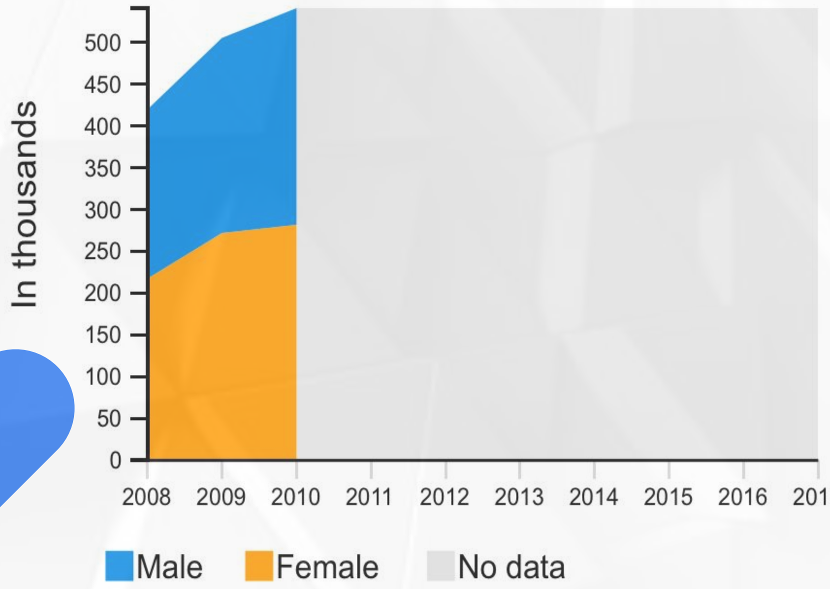
Measurement for labor

1 TRUST

2 CULTURE

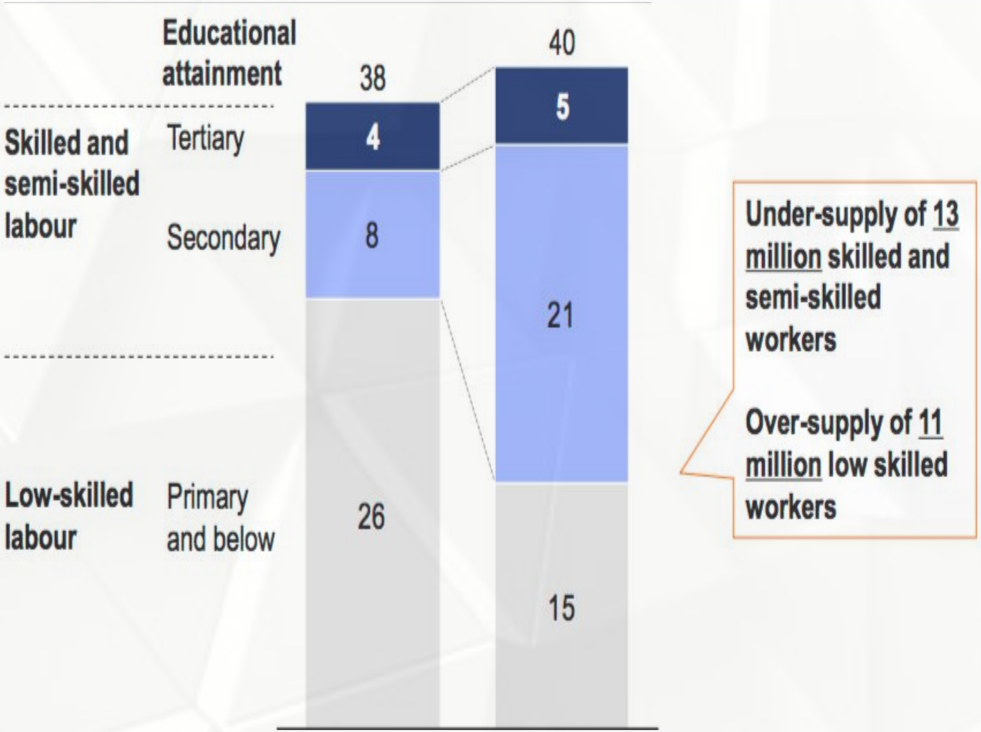
3 PRODUCTIVITY

Number of out-of-school children



http://uis.unesco.org/en/country/mm

Measurement for labor



SOURCE: Central Statistical Organisation, Myanmar; United Nations Population Division; US Census Bureau; World Bank; McKinsey Global Institute analysis

Infrastructure

As stated in the 2013 World Economic Forum Global Competitiveness Report, Myanmar was ranked **146th** out of 148 places for its overall **quality of infrastructure**. One of the most pressing issues regarding infrastructure in Myanmar is the citizens' **lack of access to electricity, transportation and communication**; these are basic infrastructures and services in Myanmar that must be improved.

https://borgenproject.org/infrastructure-in-myanmar/

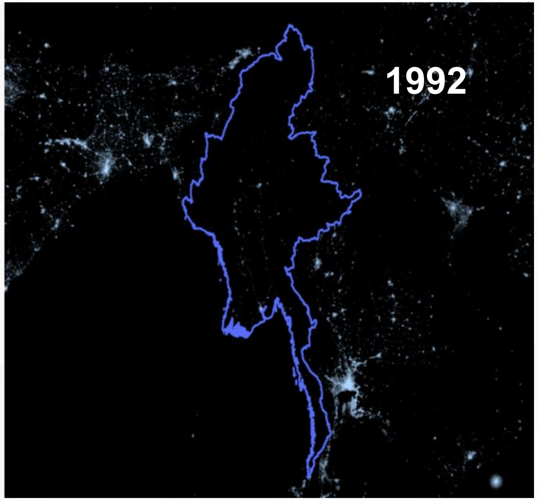
Infrastructure - Water Supply

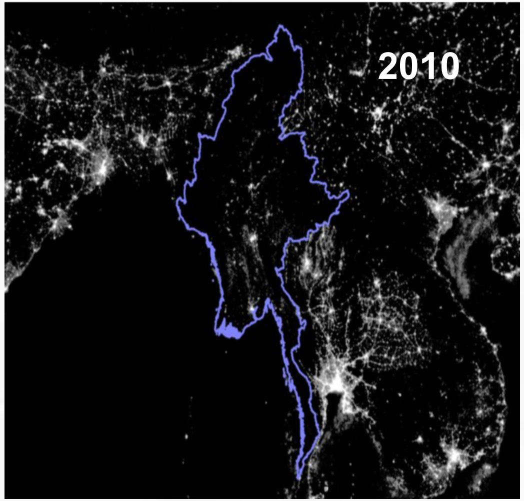
- Yangon has the **highest non-revenue water (NRW) rate** or water that do not go to the customers because of leaks or theft, among others in the Southeast Asia region because of **aging water facilities**.
- The total water need of Yangon's over 5.2 million people is about **156 million gallons per day**. But only around **two million people get city water** because of NRW.
- The city expects to supply enough water for two million people in 2018, 4.1 million in 2025, and 8 million in 2040.

https://www.mmtimes.com/news/yangons-water-supply-problems-blamed-infrastructure-woes.html

Infrastructure - Electricity

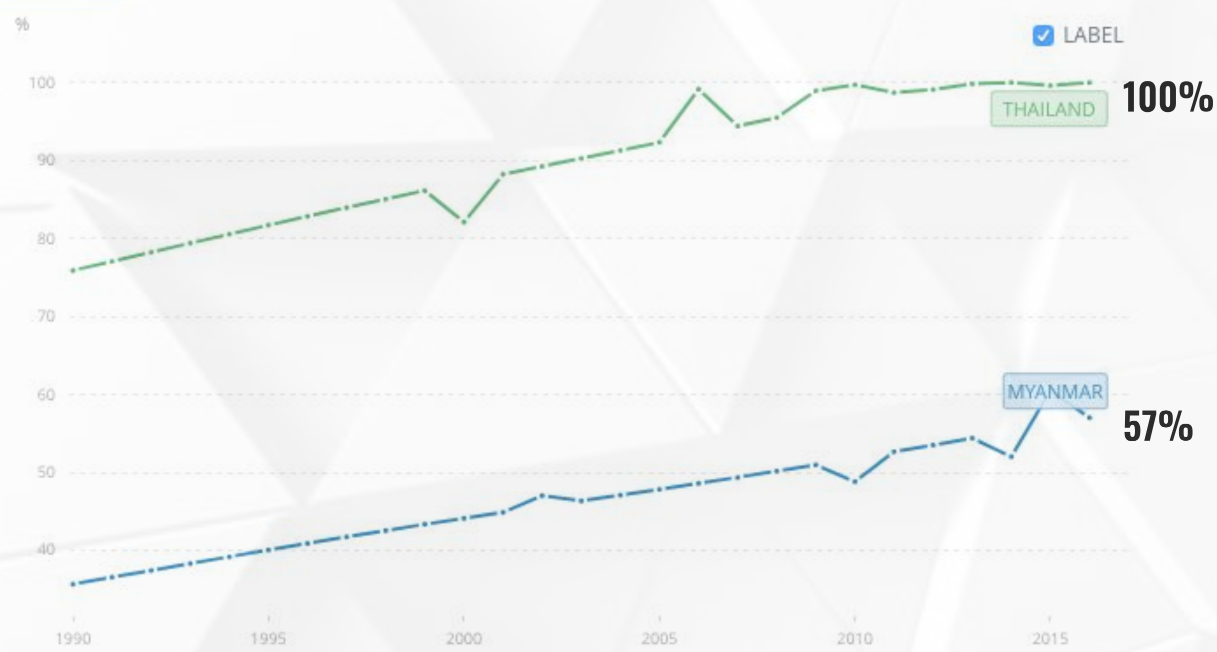
- The main problem behind constant blackouts is our **aging power distribution system**
- The aging electricity lines are **full to capacity**. It's challenging keeping stable transmission and distribution, and the lines are not in good condition.
- Overall power generation and demand is increasing, but the distribution network and capacity of power stations are **not up to date**.





https://www.mmtimes.com/business/10300-why-all-the-electricity-blackouts.html

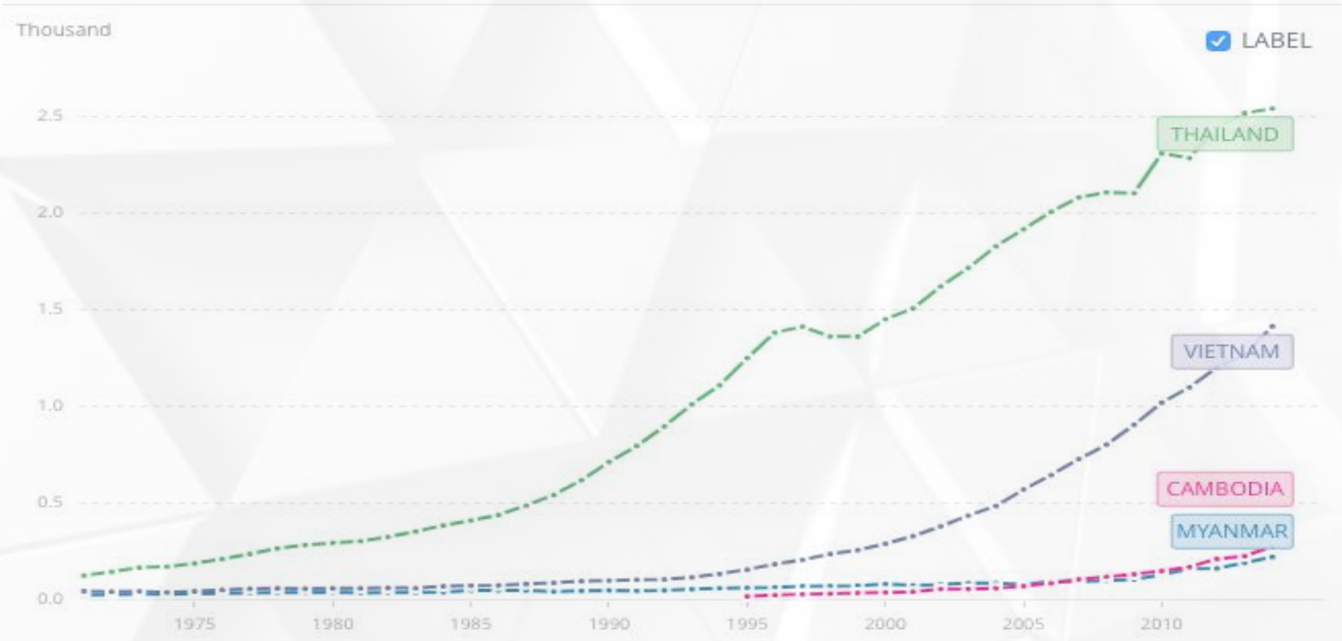
Access to electricity (% of population)



Comparing percentage of population that can access to electricity between Thailand and Myanmar

https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?end=2016&locations=MM-TH&start=1990&view=chart

Electric power consumption (kWh per capita)



https://data.worldbank.org/topic/infrastructure?locations=MM-TH-VN-KH-LA

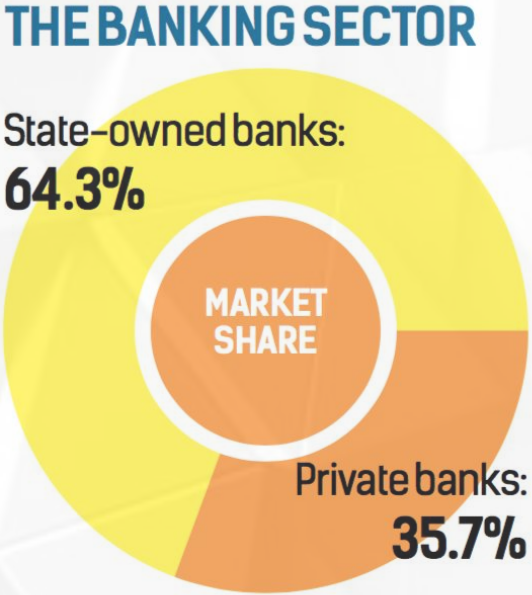
Infrastructure - Road

Indicator	Value	Rank/148
Quality of overall infrastructure	2.13	136
Quality of roads	2.38	129
Quality of railroad infrastructure	1.75	96
Quality of port infrastructure	2.61	127
Quality of air transport infrastructure	2.22	136
Individuals using Internet (%)	10.30	138
Mobile telephone subscriptions/100 pop	1.07	137
Fixed broadband Internet subscriptions/100 pop:	0.01	130

Source: World Economic Forum, Global Enabling Trade Report 2014

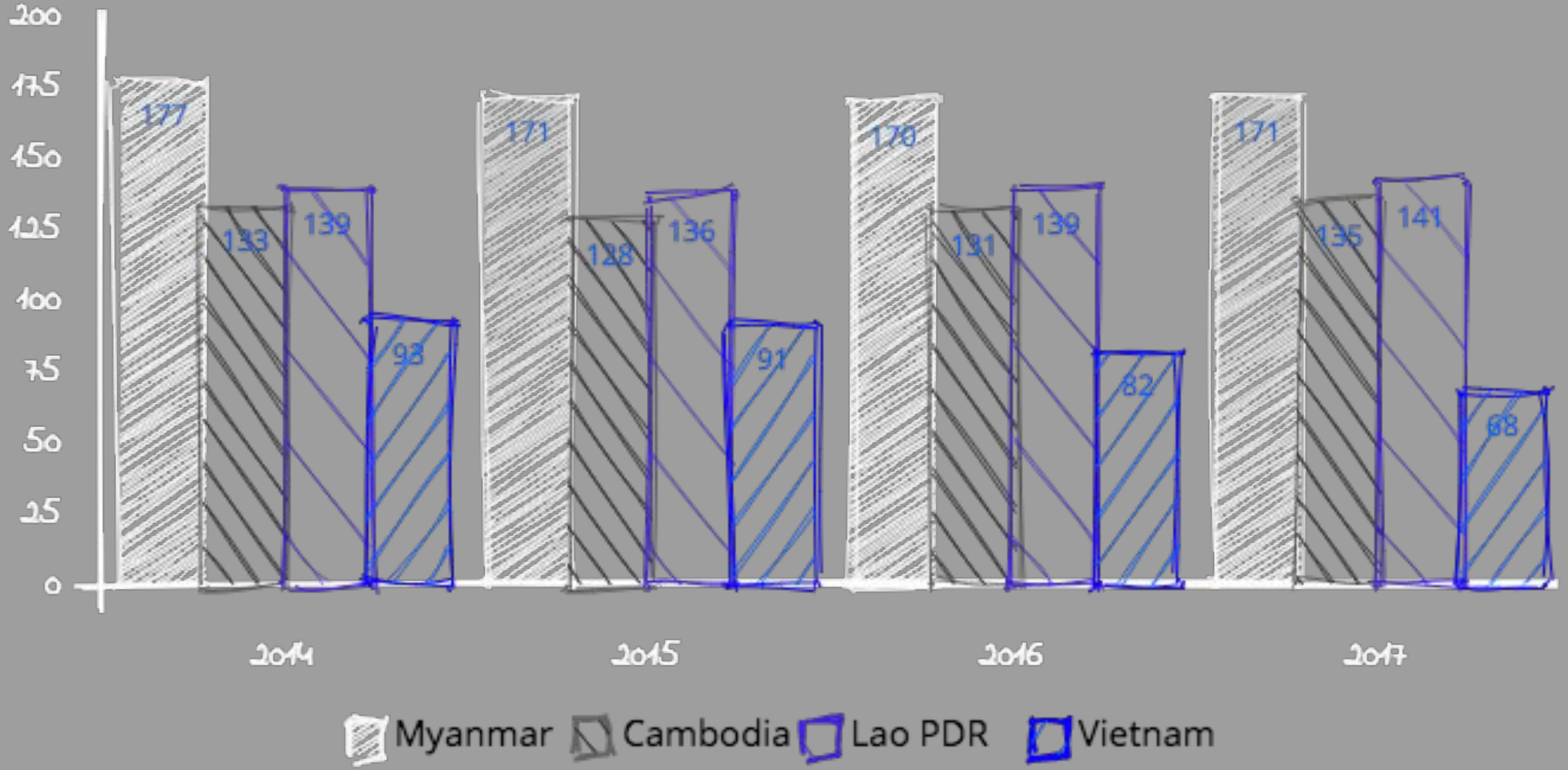
Financial system

- Banking system remains critically underdeveloped
- Cash-based economy
- Confidence in Myanmar's financial system
- Access to finance



Recommendation

Ease of doing Business




Interesting Areas

Yangon

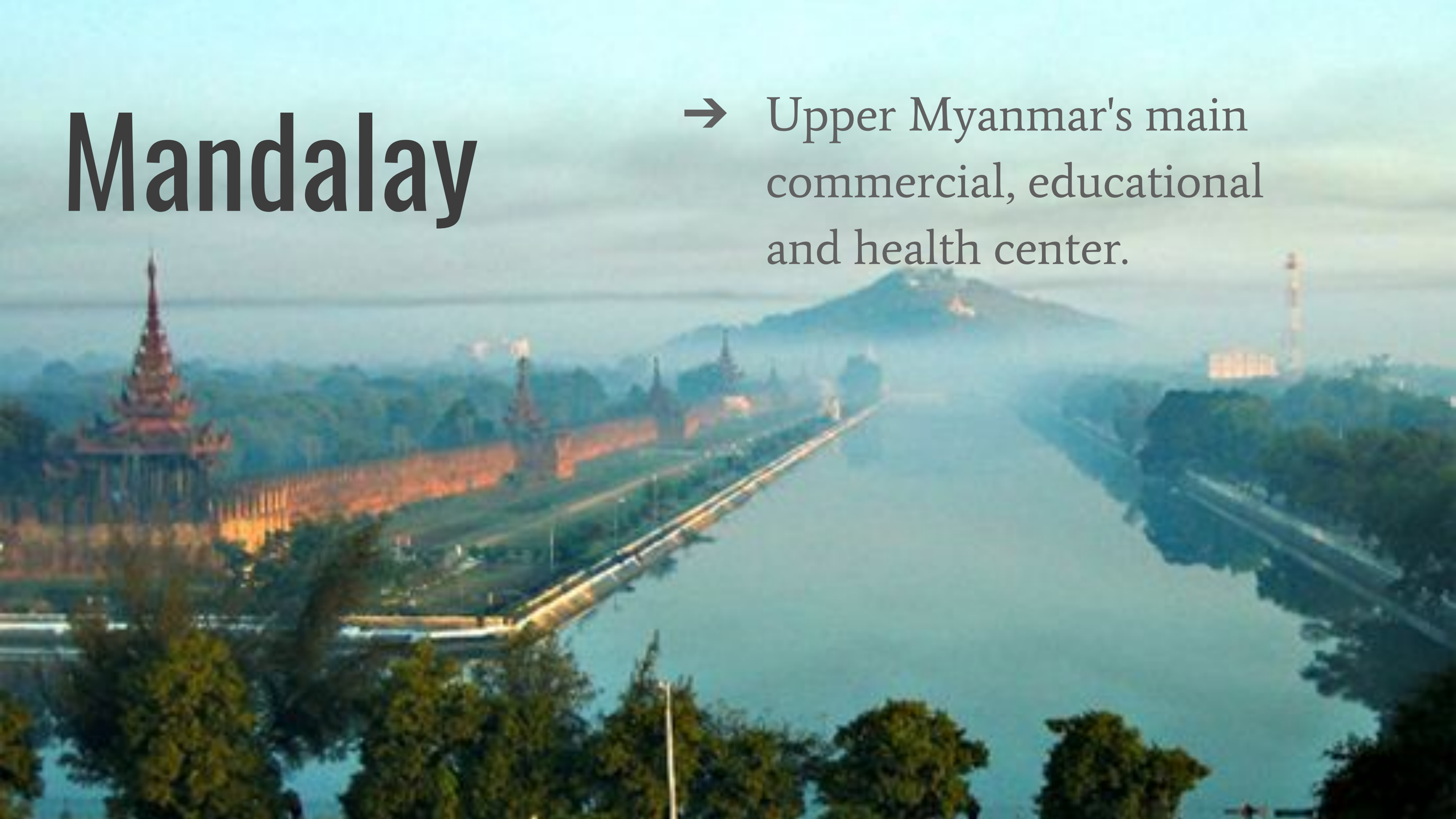
- Old capital of Myanmar
- Myanmar's largest city
- The most important commercial center

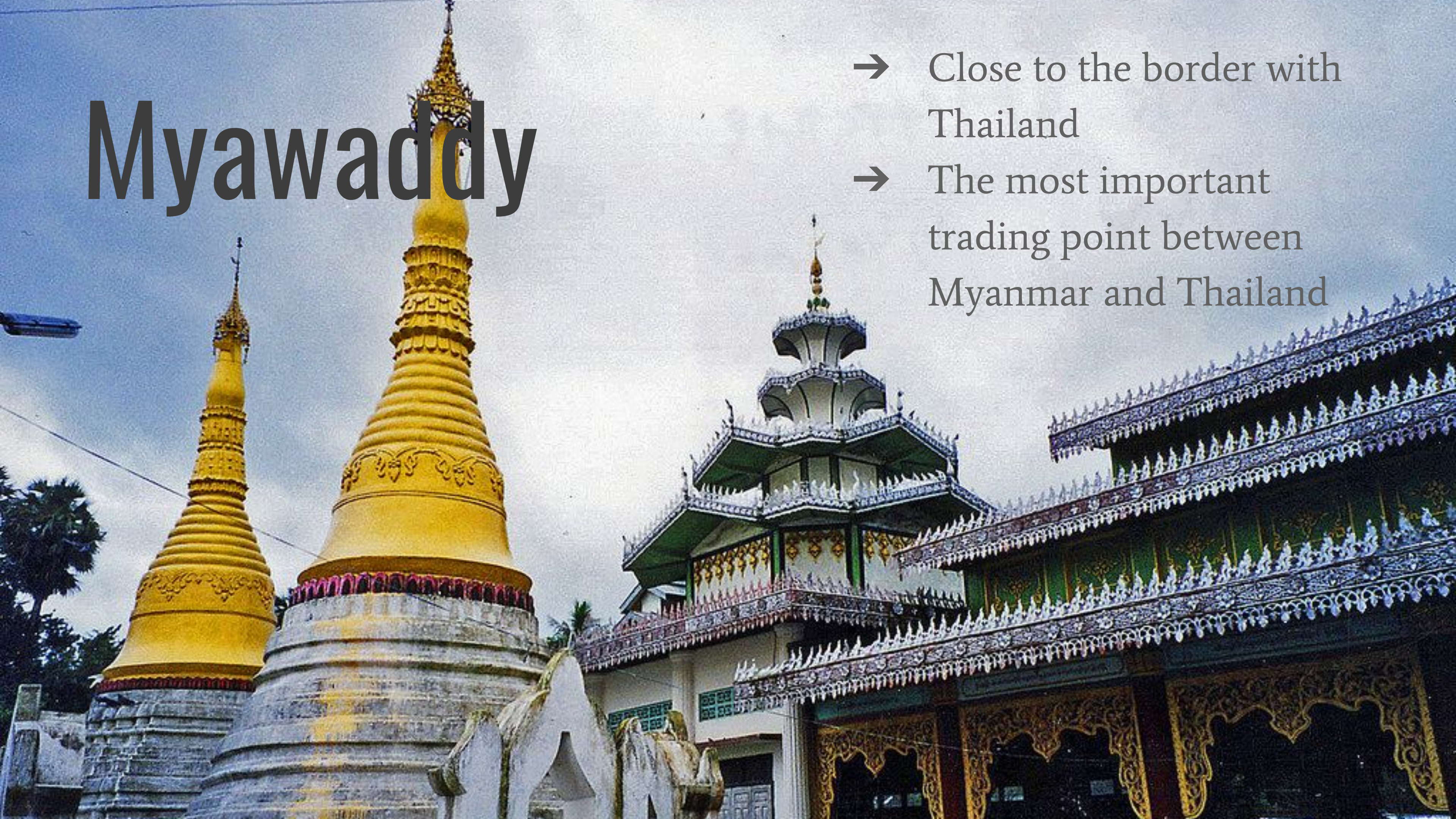
Bagan

- The land of ten thousand pagoda
- World heritage sites
- Can travel all year round.

Mandalay

- Upper Myanmar's main commercial, educational and health center.





Myawaddy

- Close to the border with Thailand
- The most important trading point between Myanmar and Thailand

SUGGESTED TYPES OF BUSINESS TO INVEST IN MYANMAR

Q & A

Kantapong
5804640083

Surapat
5804641321

Supakorn
5904640793

Nisakorn
5904641460