

FDI in Myanmar and Its Outlook

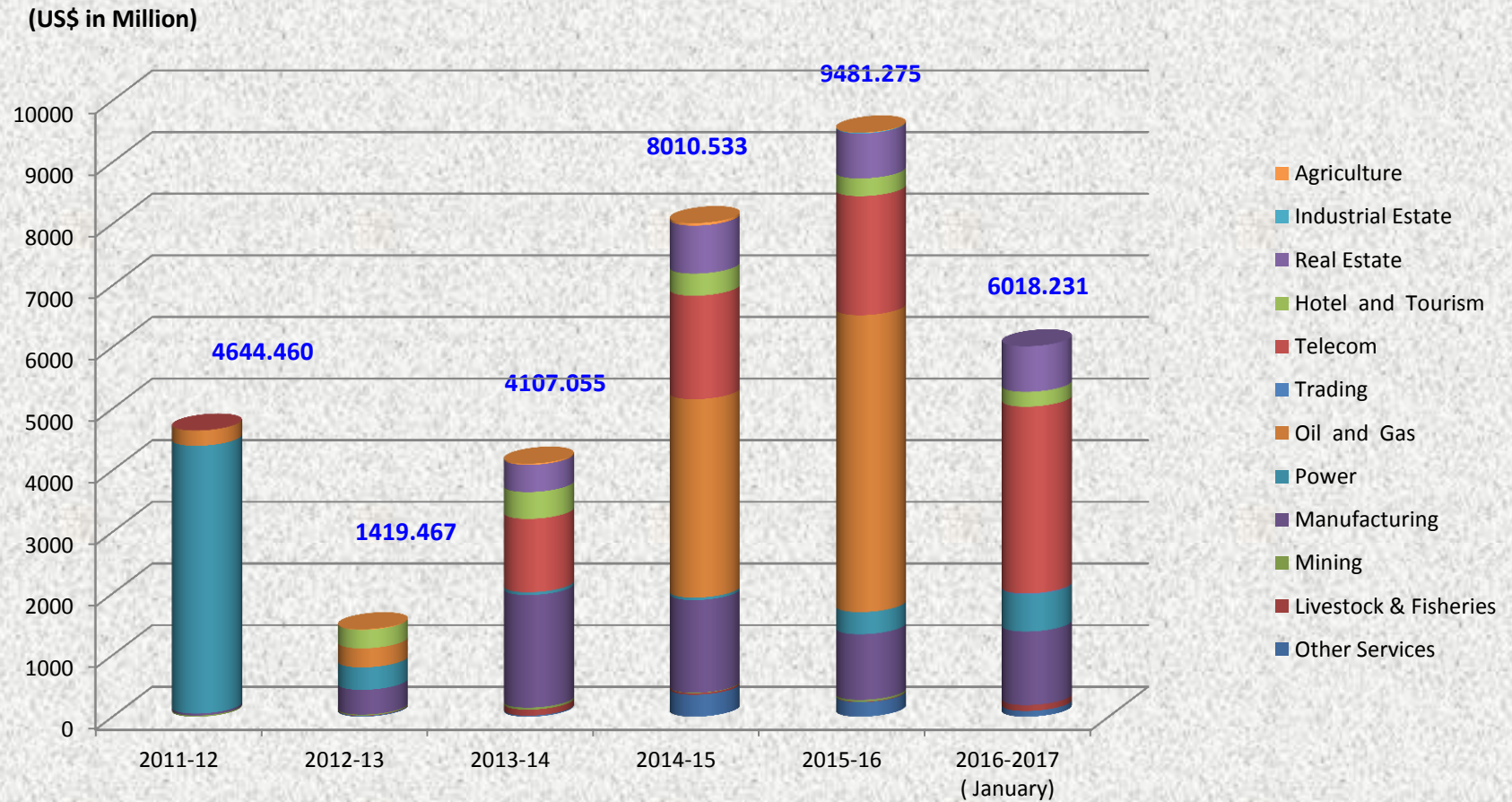
Aung Naing Oo
Director General / Secretary
MIC

Outline

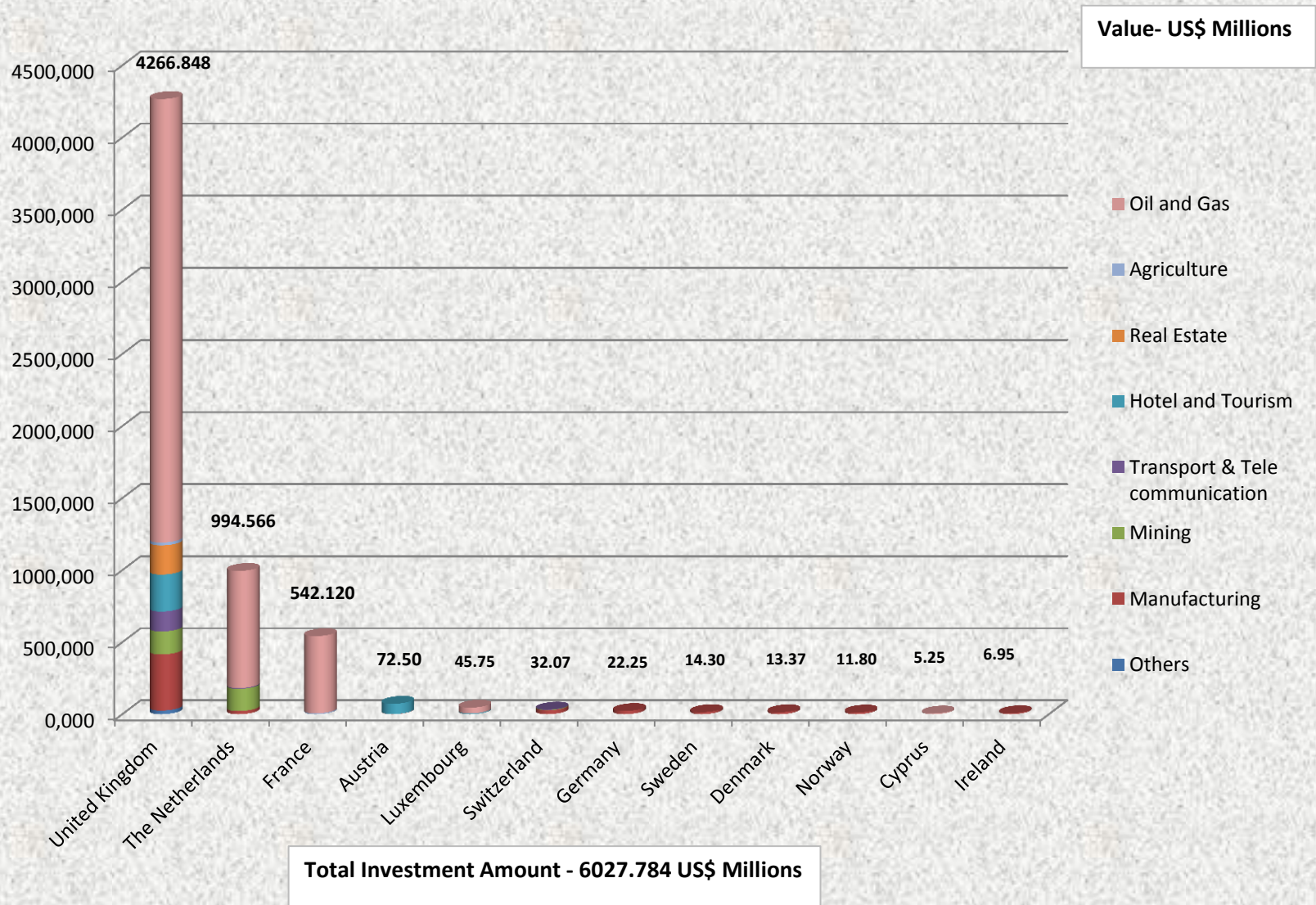
- ❖ Myanmar Nowadays
- ❖ Trend of Investment
- ❖ New Investment Law
- ❖ Outlook
- ❖ Way Forward

Myanmar Nowadays

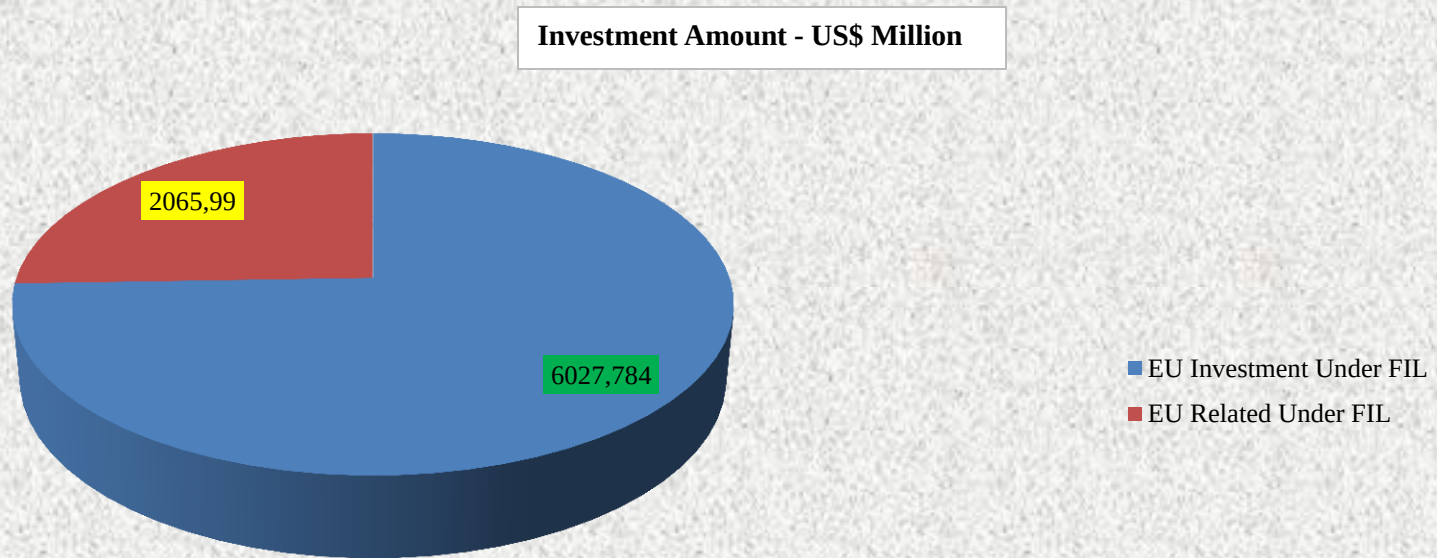
Foreign Investment in Myanmar (2011-2012 to 2016-2017 January)



EU Member States Investment in Myanmar (1988-89 to 2016-2017 January)



EU Member States Accumulate Investment in Myanmar (1988-89 to 2016-2017 January)

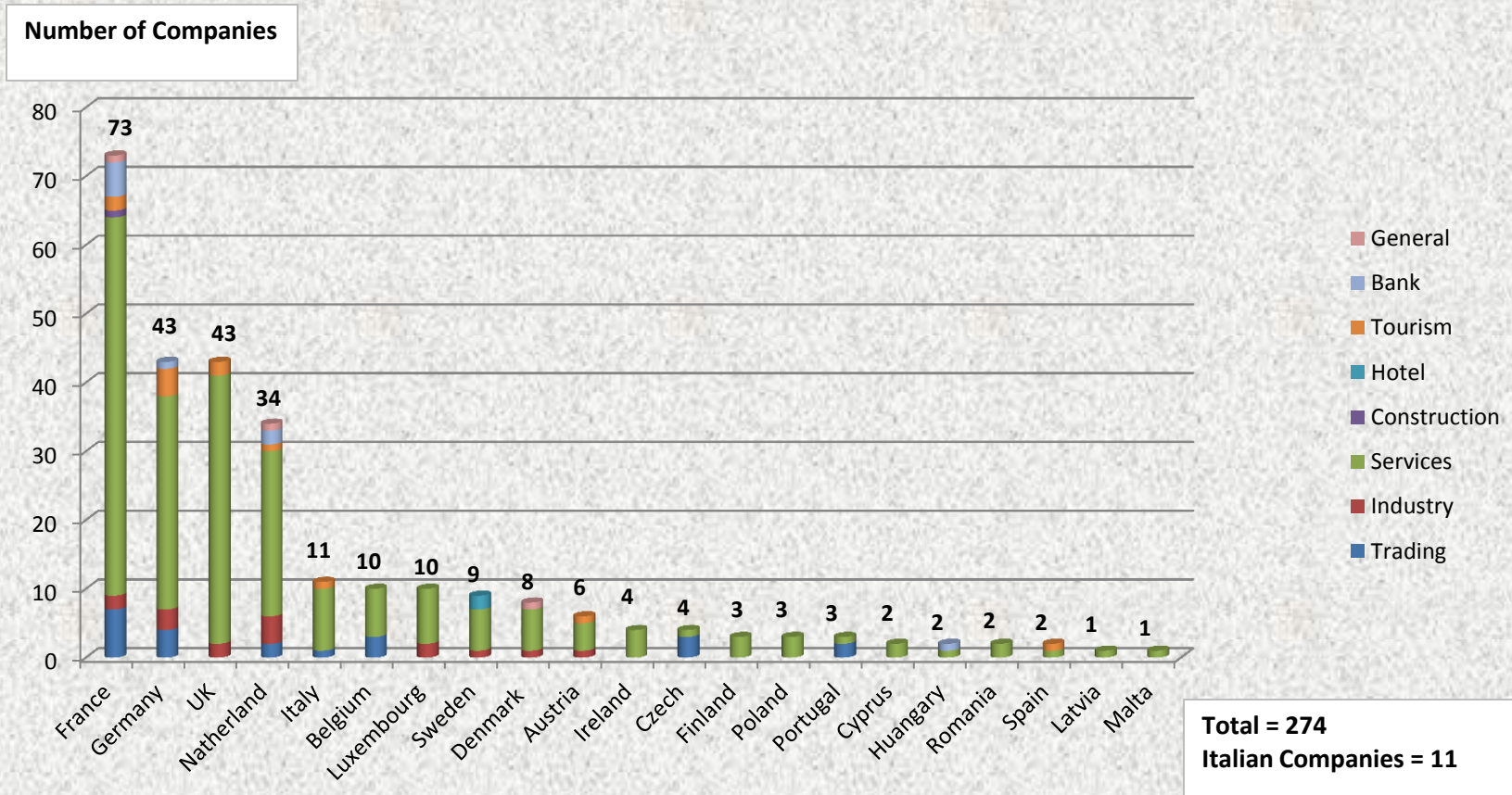


EU Investment Under FIL-Ents(122) Amount -6027.784

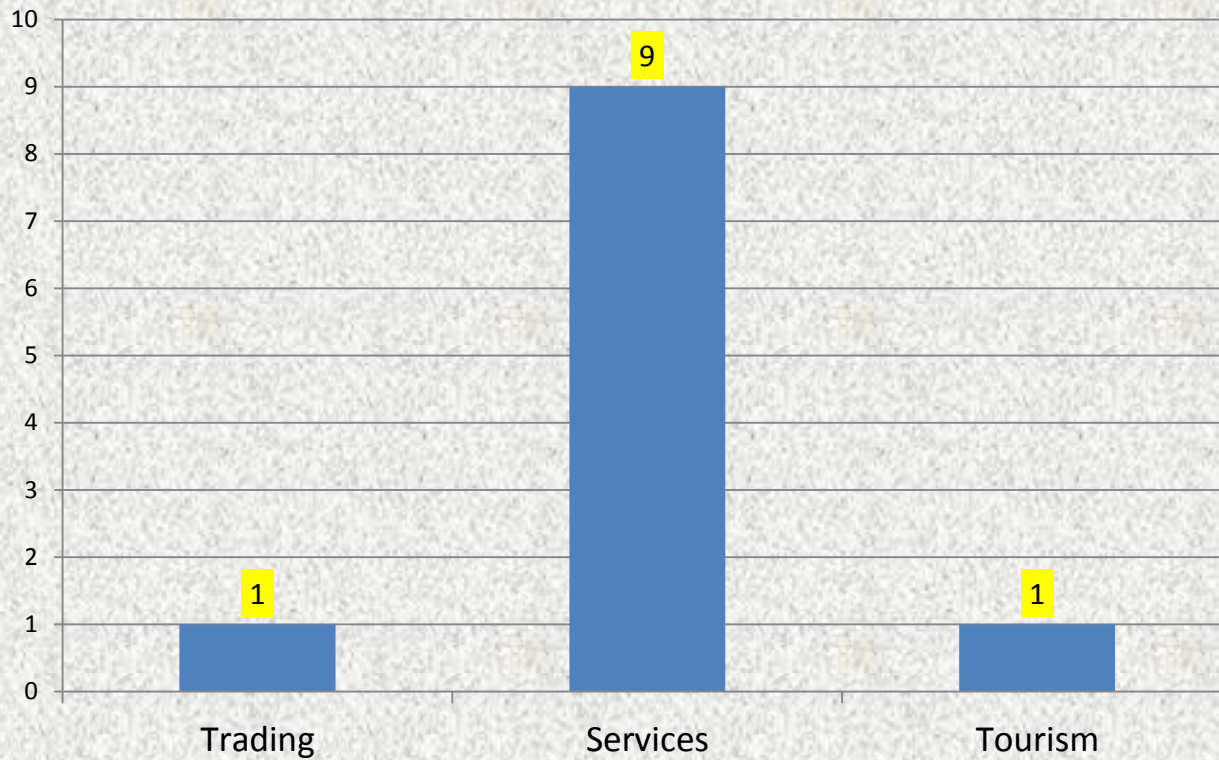
EU Related Under FIL - Ents (50) Amount - 2065.990

EU Total Enterprises - (172) Amount - 8093.774

EU Member States' Companies in Myanmar (1988-89 to 2016-2017 January)



Number of Italian Companies in Myanmar



Top Invested Sectors



Oil and Gas
34%



Electric Power
30%



Manufacturing
12%



Telecommunication
8%

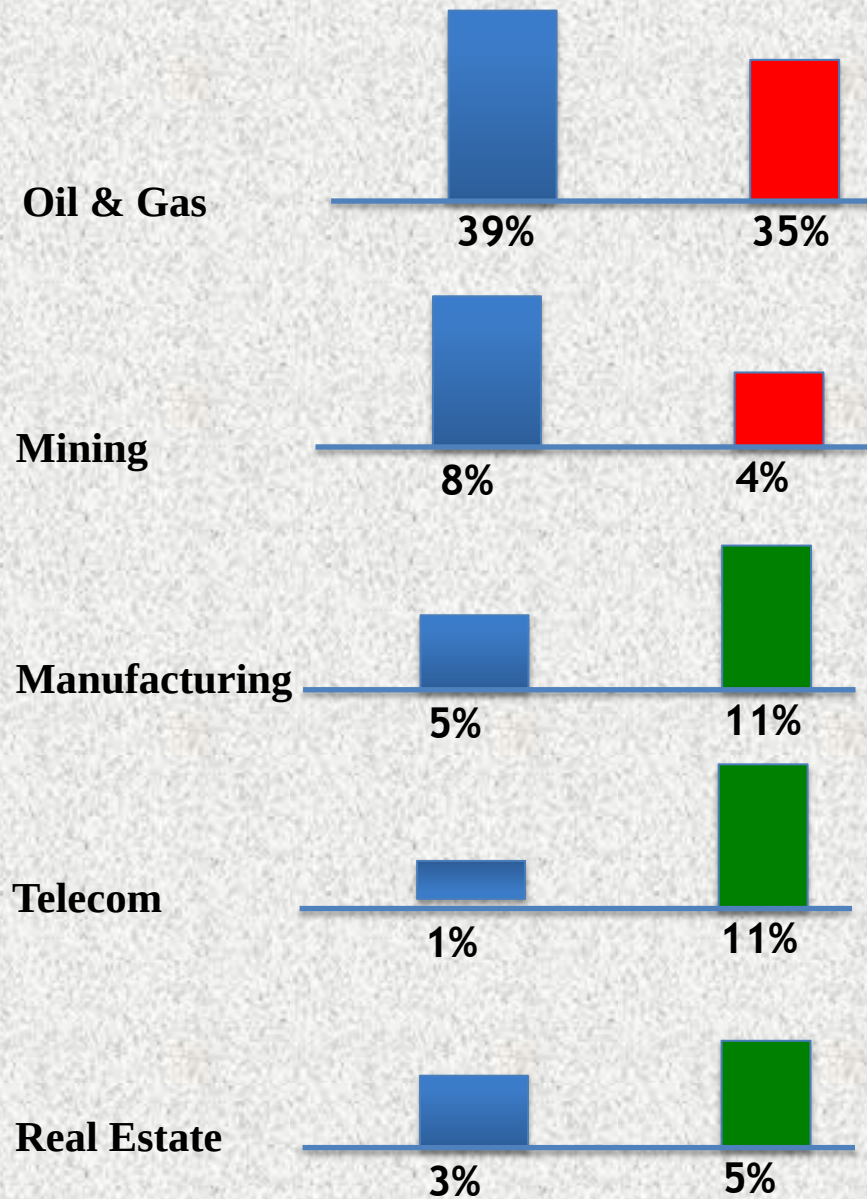


Real Estate
5%

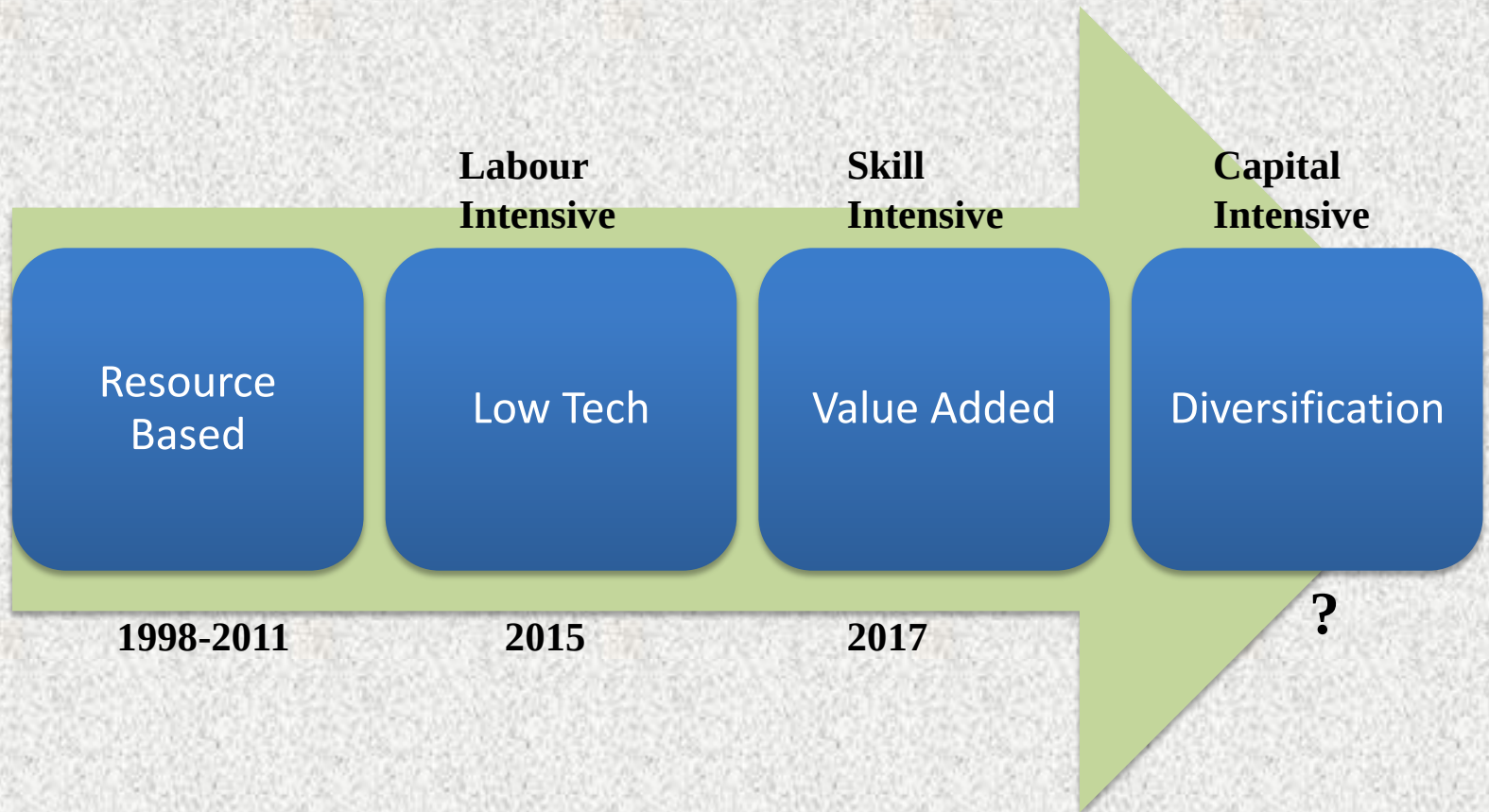


Trend of Investment

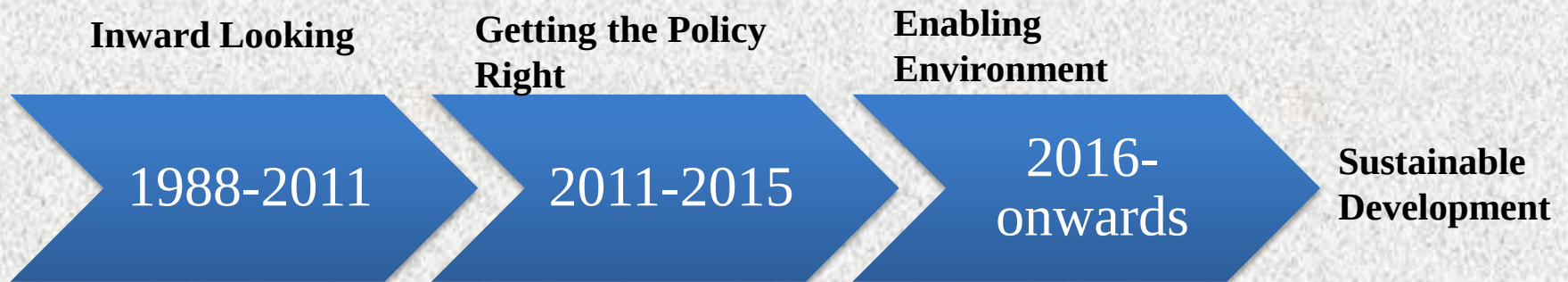
Sector Change



Industry Change

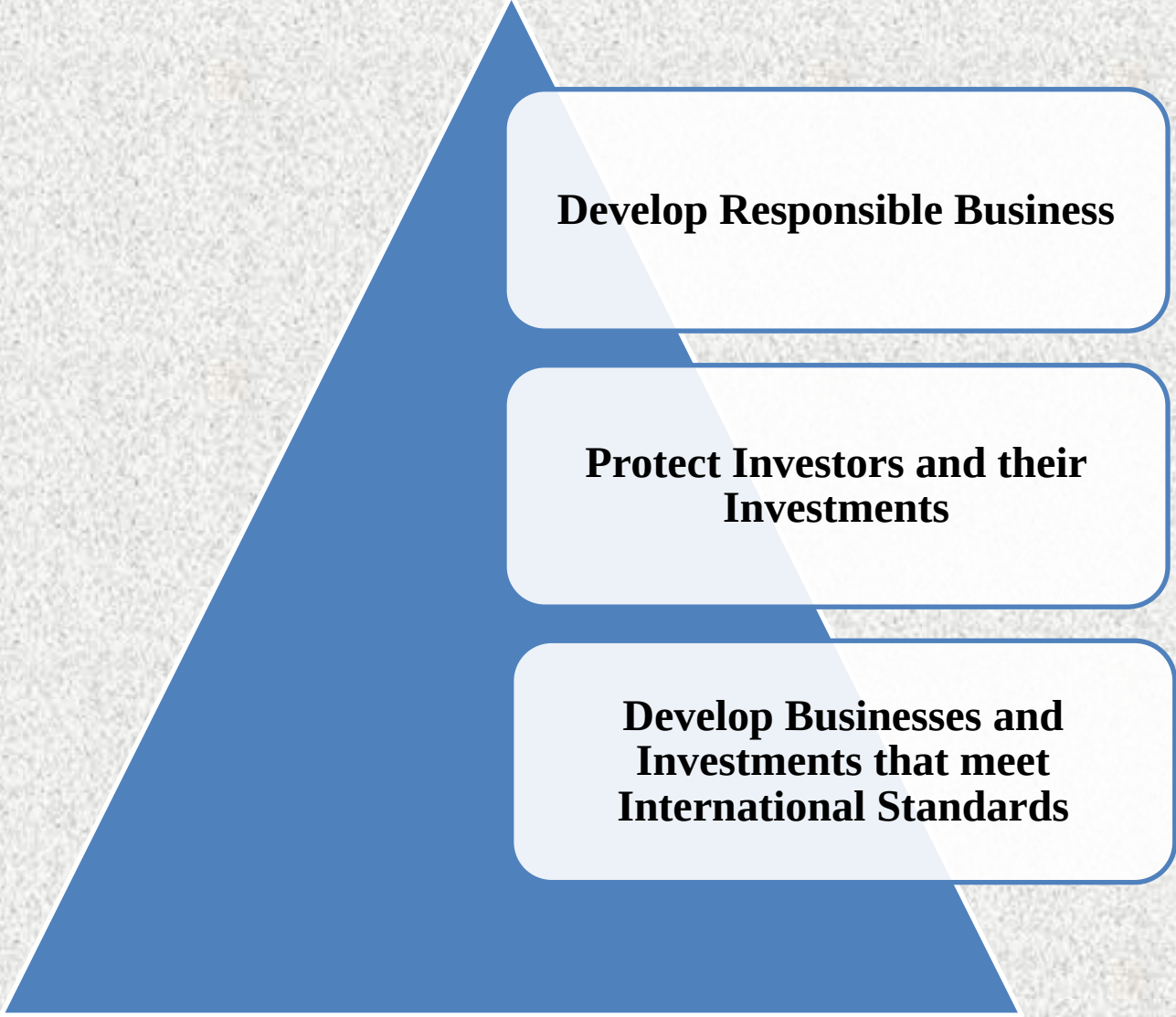


Policy Change



Myanmar Investment Law

Objectives (Chapter 2)



Develop Responsible Business

**Protect Investors and their
Investments**

**Develop Businesses and
Investments that meet
International Standards**

Scope of the Law (Ch. 3)

Any Existing or new
Direct Investment

Not applicable to any
pending dispute or
any situation that
ended before the date
of the Law

Any measure
adopted or
maintained by the
Union Government
and Government
organisations except
measures under Ch.
21 (General
exceptions) and Ch.
22 (Security
Exceptions).

Role of the Myanmar Investment Commission

Myanmar Investment
Commission (MIC)

Directorate of
Investment and
Company
Administration
(DICA)

- **MIC Mandate and Functions** include: acting as investment promotion agency; investment facilitation; advise on investment policies; reviewing on incentives; responsible business; investment grievance mechanism.
- **Report** periodically to the President and Pyidaungthsu Hluttaw on the progress and issues of investment in the Union.
- **Annual Review** and proposal to eliminate sectors from restricted list;
- **Delegation** of certain functions to Chairman and Members except powers to make Rules;
- **Encourage** Responsible Investment.

Investments Requiring MIC Permit (S. 36)

- (a) Businesses /investment activities that are strategic for the Union;
- (b) Large capital intensive investment projects;
- (c) Projects which have large potential impact on the environment and the local community;
- (d) Businesses/ investment activities which used state-owned land and building; and
- (e) Businesses/ investment activities which are designated by the Government to require the submission of a proposal to the Commission.

Restricted sectors (Negative list)

Prohibited Sectors (S. 41)

- Hazardous/ poisonous
- Untested technologies unless R&D business
- Damage to environment
- Affect Public Health
- Prohibited under other laws

Restricted (S.42)

- Limited to Government (e.g. power transmission)
- Restricted to Foreign Investors
- JV between foreign and citizen investors
- Notification by MIC (e.g. Notification 26), subject to review if need to liberalise, amend or remove

Special (s.46)

- Significant impact on security, economic condition, the environment and national interest
- Approval from Parliament

Investors' Rights and Protections

**National
Treatment
(s. 47 (a) and
Most
Favored
Nation
Treatment
(s. 47(b))**

**Fair &
Equitable
Treatment
(s.48)**

**Rights to
Use Land
(s. 50)**

**Right to
Employ
Expatriates
(s.51)**

**Investment
Guarantee
(s.52)**

**Transfer of
Funds
(s.56)**

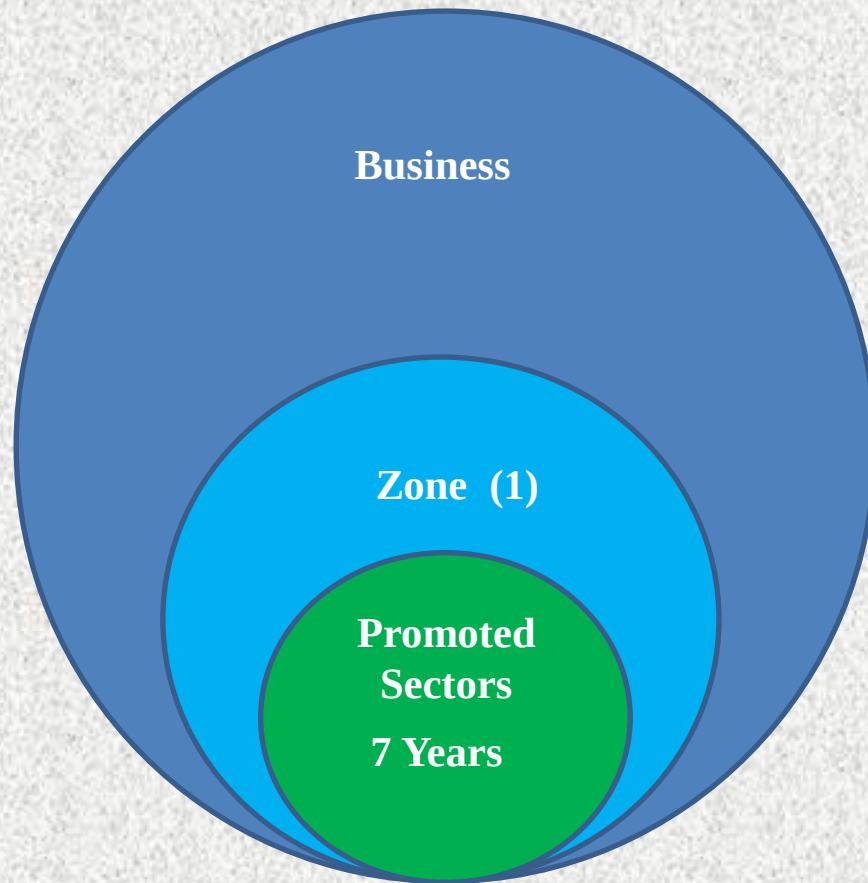
Investment Guarantee (Ch.14)

Conditions for an expropriation (S.52):

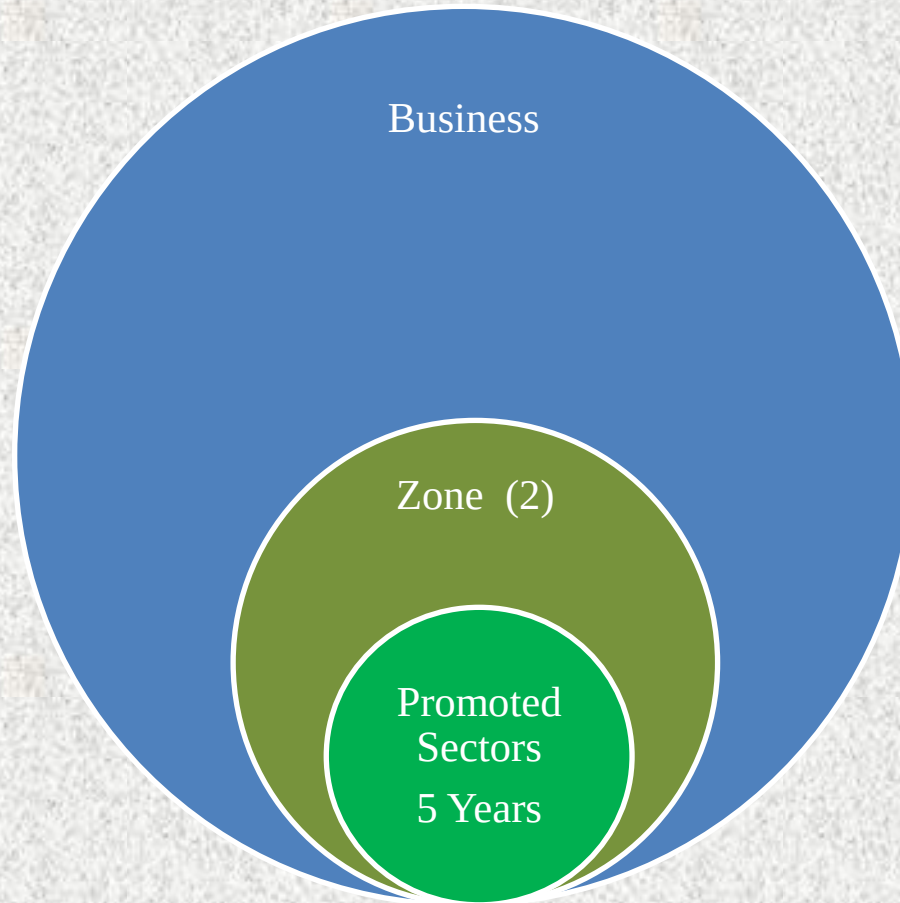
- for public purposes;
- in a non-discriminatory manner;
- The investors are to be provided with prompt, adequate and effective compensation; and
- In accordance with due process of law.

Direct Expropriation	Indirect Expropriation
<ul style="list-style-type: none">• Formal transfer of legal title• Outright seizure of the investment of the foreign investors	<ul style="list-style-type: none">• A measure or series of measures that has similar effect to direct expropriation even without formal transfer or outright seizure of the legal title over the investment.• This is decided on a case-by-case basis.

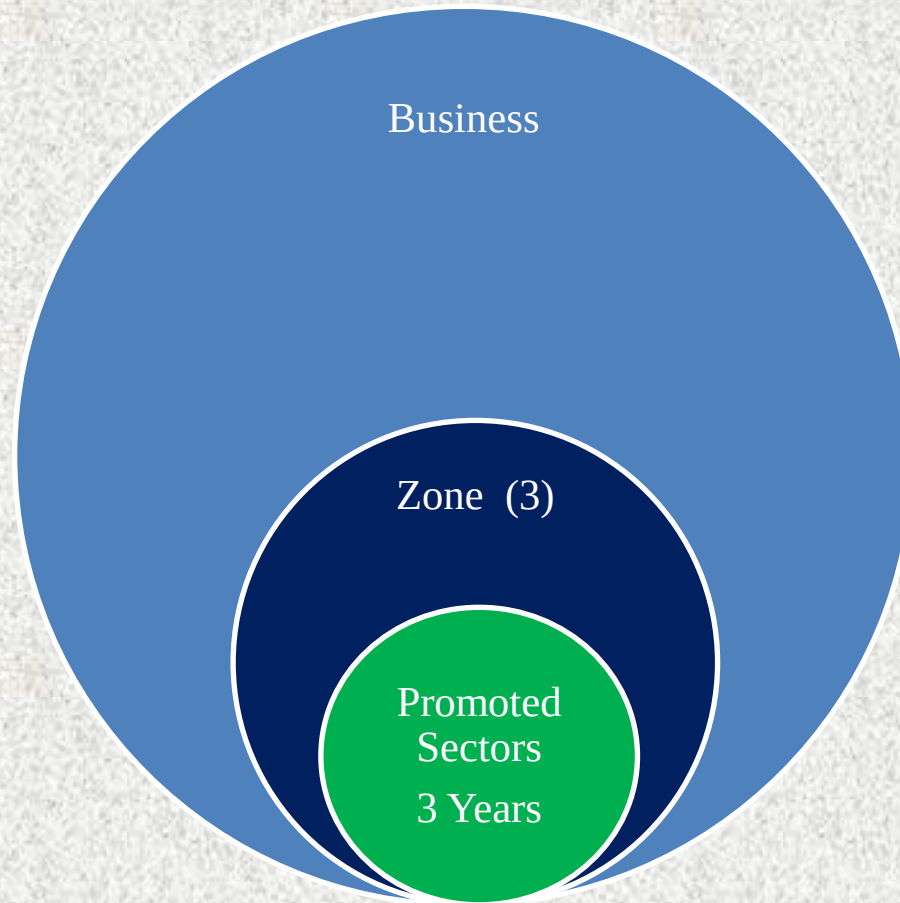
Exemptions and Reliefs



Exemptions and Reliefs



Exemptions and Reliefs



Settlement of Disputes (Ch. 19)

GRIEVANCE MECHANISM (S. 82)

MIC to establish and manage a grievance mechanism to inquire and resolve issues before they become legal disputes and to prevent the occurrence of disputes.

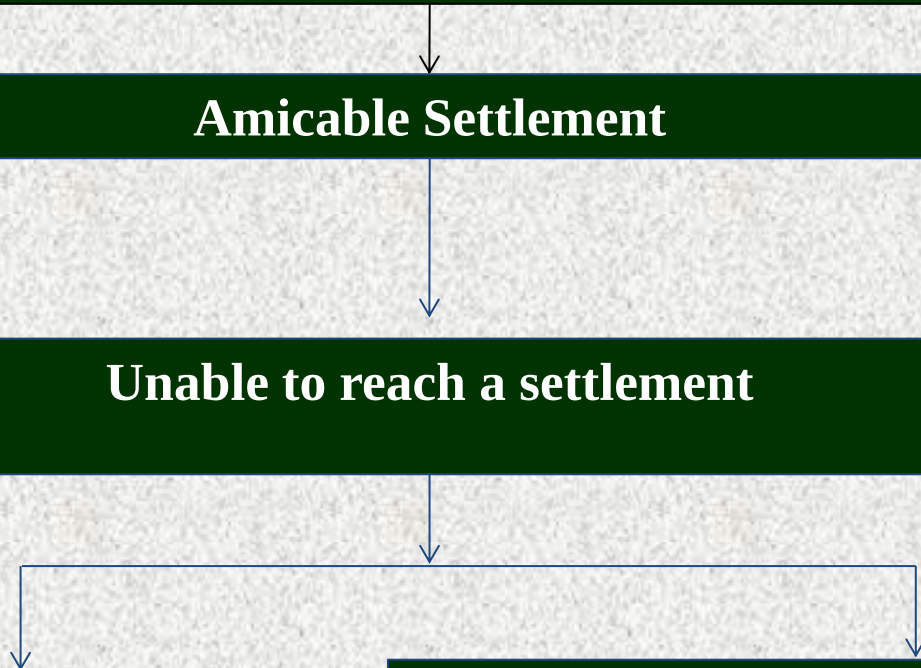
Dispute Between Investor and State
(Claims for Breach of the Investment Law)
(To show loss or damage)

Amicable Settlement

Unable to reach a settlement

**Domestic Court/ Tribunal in
accordance with the law**

**Other forms if stipulated
in an agreement
(international arbitration)**



Investment Promoted Sectors



Manufacturing



Infrastructure



Agriculture



Tourism



Investment Promoted Sectors



Education



Health



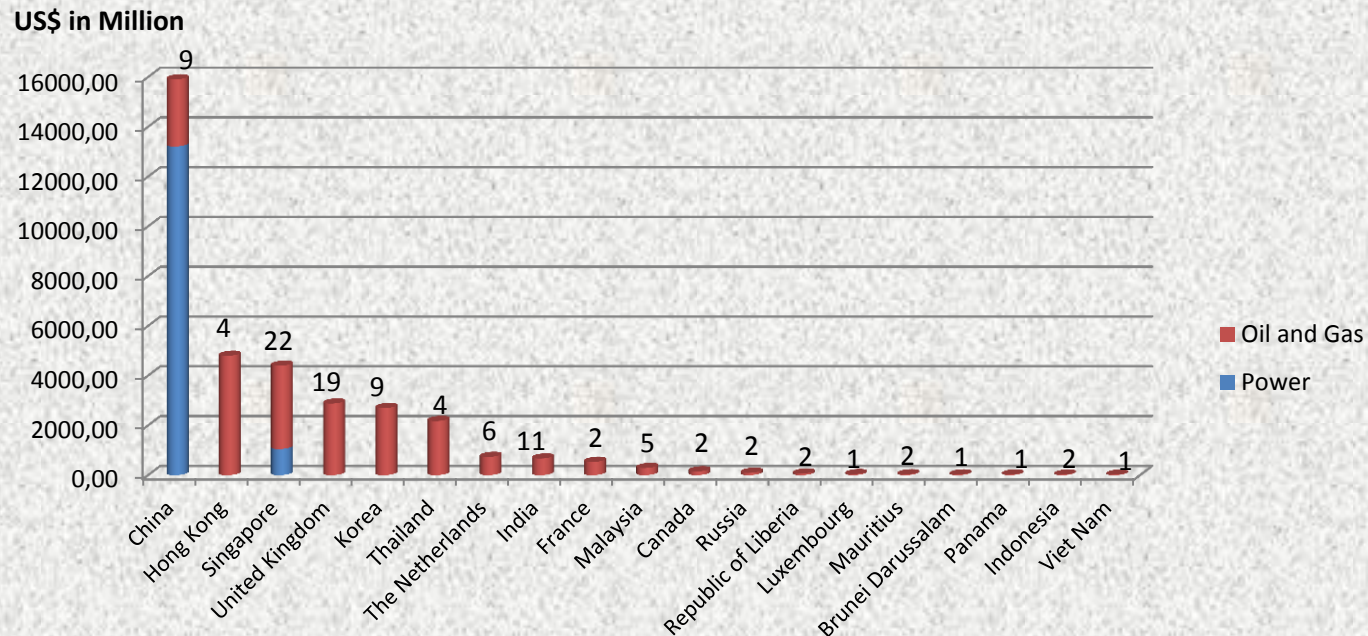
Renewable
Energy



Technology



Foreign Investment (Energy Sector) in Myanmar (1988-89 to 2016-2017 January)



Total Energy Sector Project (105)- Amount(35547.165) US in Million
 Power Sector Project(11)- Amount(14260.310) US in Million
 Oil & Gas Sector Project(94)- Amount(21286.850) US in Million

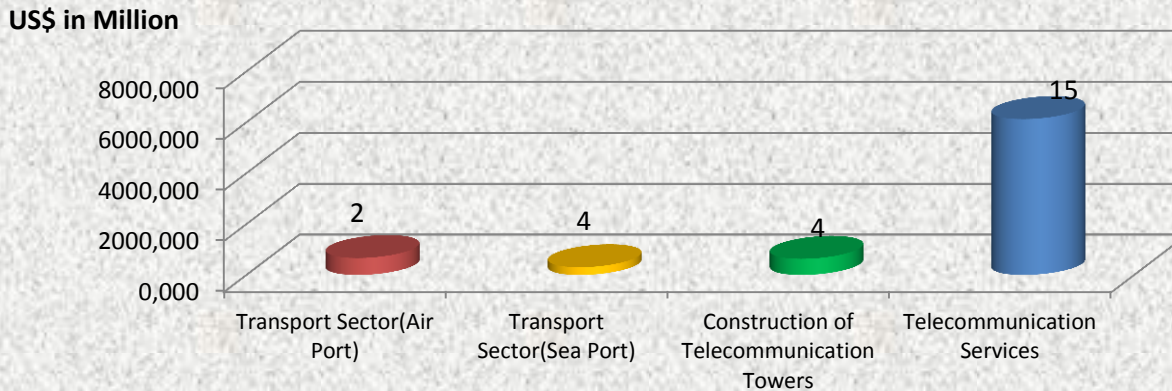
Oil and Gas

- Production Sharing Contract (PSC)
- Bidding process by the Ministry of Electricity and Energy
- JV with MOGE

Electric Power

- JV with MOEE
- 100% FDI
- PPP

Foreign Investment (Infrastructure) in Myanmar (1988-89 to 2016-2017 January)



Total Infrastructure Project (25)- Amount(7733.655) US in Million

Construction of Air Port Project (2)- Amount(666.211) US in Million

Construction of Sea Port Project (4)- Amount(305.056) US in Million

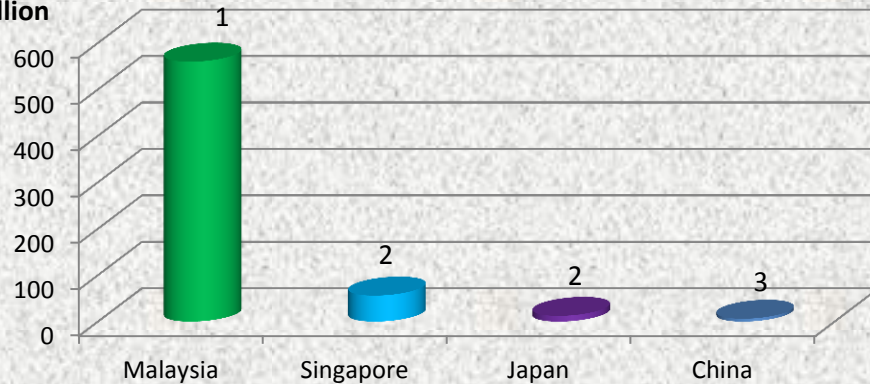
Construction of Tele-Tower Project (4)- Amount(635.416) US in Million

Tele-communication Service Project (15)- Amount(6126.972) US in Million

- PPP
- Negotiation with the Ministry of Transport and Communication, Ministry of Construction and others
- 100% FDI

Foreign Investment (Manufacturing of Vehicle Project) in Myanmar (1988-89 to 2016-2017 January)

US\$ in
Million



Total Manufacturing of Vehicle Project (8)- Amount(634.273) US in Million

Sr. No.	Name of Country	Name of Company /Type of Production	No.	Investment Amount (US\$ in Million)
1	2	3	4	5
1	Malaysia	Tan Chong Motor (Myanmar) Co., Ltd.(Nissan Brand)	1	559.708
2	Singapore	SC Auto (Myanmar) Co., Ltd. (Scania Brand)	1	10.901
		Capital Motors Ltd. (Ford Brand)	1	45.132
3	Japan	The First Automotive Co.,Ltd. (Isuzu Brand)	1	5.346
		Suzuki (Myanmar) Motor Co.,Ltd. (Suzuki Brand)	1	7.000
4	China	Khaing Khaing Sang Da Group Co., Ltd. (KS LF Faw Brand)	1	2.16
		Yangon-Kunming Industrial Co., Ltd. (Tractor)	1	0.81
		Yangon Wuling Diesel Engine Co., Ltd.(Tractor)	1	3.200
		Total	8	634.257

- 100 % FDI
- JV Form
- Industrial Zones and Special Economic Zones

Economic Outlook

Source: ASEAN Secretariat

International Monetary Fund – IMF

- The changing external and internal landscapes could provide significant opportunities for Myanmar to strengthen its overall competitiveness, attract foreign direct investment (FDI) inflows, and develop a labor-intensive manufacturing industry.
- More reforms to the regulatory framework, together with continued macroeconomic stability, would be key to attracting further foreign and domestic investment.
- **The country remains a fast-growing economy with GDP growth at 7.3% in FY2015/16 reported last June,**
- **“Foreign investors are starting to flock to Myanmar deals.”**

World Bank

- As the economy recovers from its 2015-2016 supply shock and private investments begin to pick up again, real GDP growth in Myanmar is projected to rise to 7.8% in 2016-2017, and average 8.2% per year over the medium-term.
- **Growth of Myanmar is expected to remain resilient over the next three years.**

Asian Development Bank (ADB)

Economic Forecasts		
	2016	2017
GDP Growth	8.4	8.3
Inflation	9.5	8.5
Current Account Balance	-8.3	-7.7

- **GDP growth in Myanmar is expected to pick up 8.4% in FY2016 and then by 8.3% in FY2017.**

Thank You

Cooperator of Business Community,

Developer of National Economy

DICA

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