



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



SUSTAINABLE DEVELOPMENT GOAL 9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

UNIDO and the strategies to invest in Myanmar

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Outline

I. UNIDO in Myanmar

1. Current initiatives
2. Pipeline and opportunities for Italian investors

II. Myanmar economic potential and investment strategies

1. Economic and industrial context
2. Myanmar potential and challenges
3. Strategies for foreign investors, Myanmar Government, and Myanmar enterprises



I. UNIDO in Myanmar





UNIDO

UNIDO is the business and industrial development arm of the UNITED NATIONS

As a UN specialized agency we promote industrial development for poverty reduction, inclusive globalization and environmental sustainability

The mandate of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate **inclusive and sustainable industrial development (ISID)** in developing countries and economies in transition.

UNIDO is the only UN organization promoting the creation of wealth and tackling poverty alleviation through sustainable industrial development

Focus on three inter-related thematic priorities:





Current UNIDO's initiatives

- Micro & SMEs development and youth and women employment
- National Quality Infrastructure
- Industrial master plan
- Industrial energy efficiency
- Resource Efficient and Cleaner Production



Fostering Pro-Poor and inclusive MSME Development

Why this project ?

- MSMEs are the backbone of Myanmar economy (98% of enterprises)
- Youth and women entrepreneurs are an untapped resource for the country

Strengths

- Small but innovative
- Policy dialogue and CB based on pilot initiatives
- Based on a solid UNIDO experience on clustering and entrepreneurship
- Successful coordination with counterparts and stakeholders





The Project

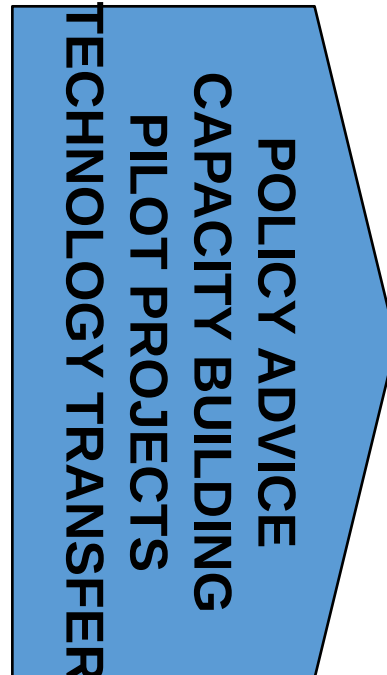
Fostering Pro-Poor and inclusive MSME Development

- **Duration:** September 2013 – June 2017
- **Budget:** 1,289,000 euro
- **Donors:** Italy
- **Government coordinating agency:** DISI, Central Department of SMEs Development
- **Counterpart agencies & partners:**
 - Ministry of Industry
 - Ministry of Cooperatives
 - The Republic of the Union of Myanmar Federation of Chambers of Commerce & Industry (UMFCCI)

UNIDO response to selected Myanmar challenges and problems

Challenges/problems

- **Structural change**
- **Regulatory environment**
- **MSMEs competitiveness**
- **Market Integration**

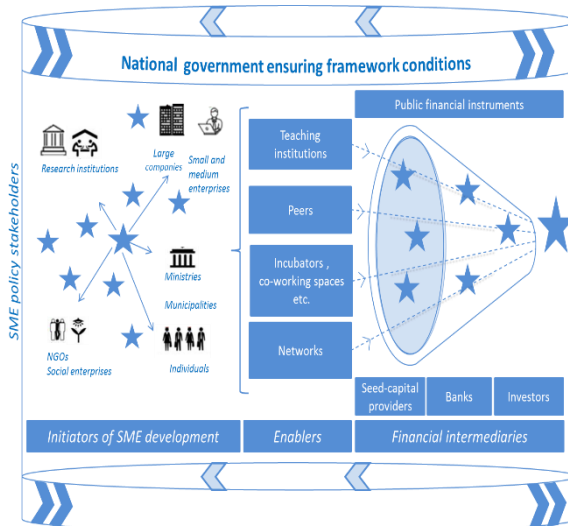


UNIDO response

- Industrial strategy and policy
- Policy dialogue (SME R&R and policies, IZ law, industrial law)
- Global value chain development, partnership building, PPP
- Agro-industrial parks
- Food safety

Pipeline

SME eco-system



Stronger local partners
Networking tools and B to B initiatives
Surveys and data

Agro-food parks



Opportunities for developers
Demand for agro-processing machines
Top facilities for FDI

Food safety



Demand for agro-processing machines, testing machines and laboratories.



Investment tools from UNIDO and the international community

- UNIDO ITPO
- SME link www.myanmarsmelink.com/
- Other international agencies (e.g. WB, IFC and ADB)
- Surveys and data base

II. Myanmar economic potential and investment strategies

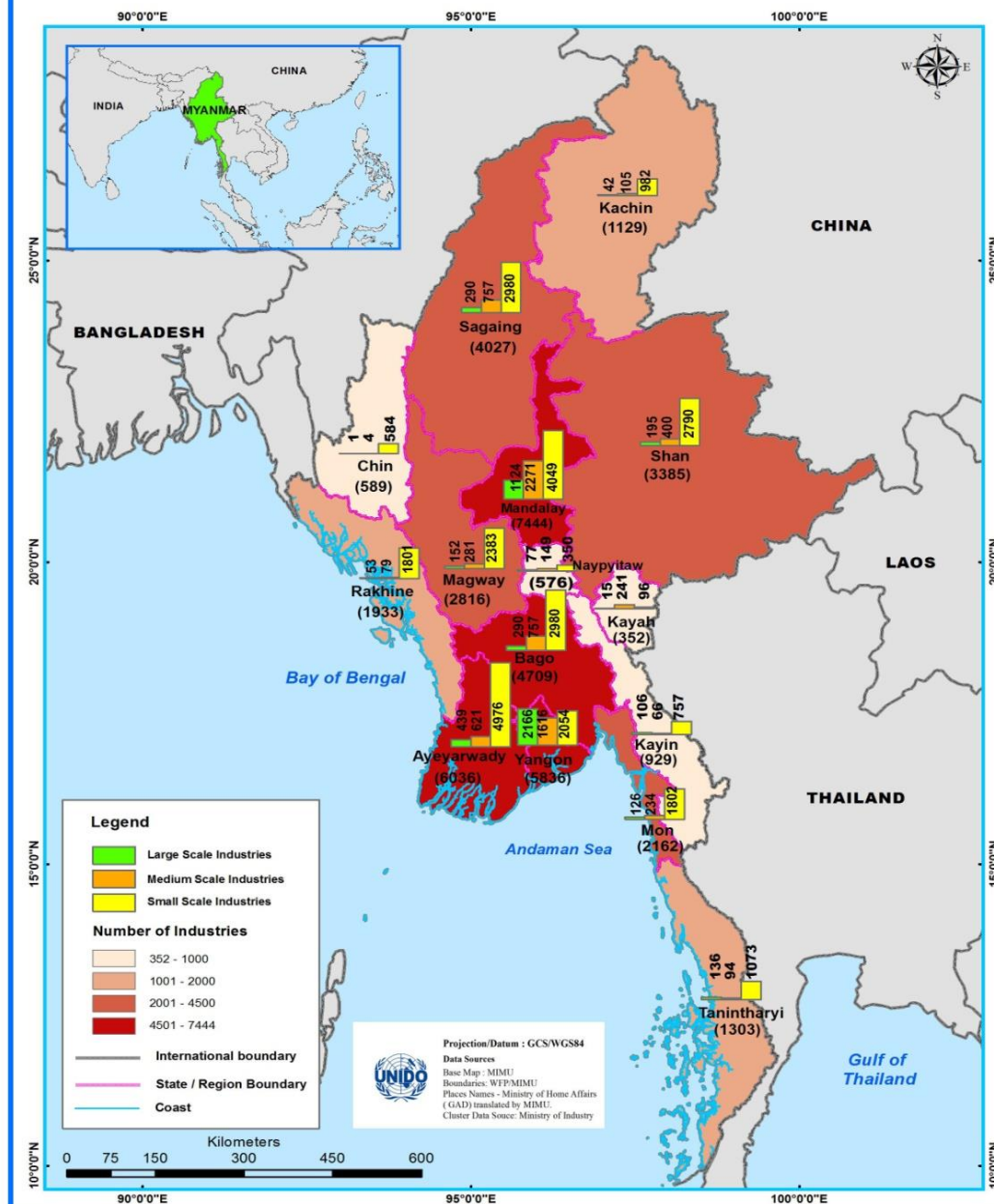




Economy (2016, EIU data)

GDP	\$62 BI
GDP per capita	\$1,150 (\$5,222 at PPP)
Agriculture (% real change)	3.5%
Services (% real change)	8.6%
Industry (% real change)	12.2%
Export (goods)	\$10.1 BI
Imports (goods)	\$13.4 BI
Top export	Natural gas and petroleum, wood products, and legumes
Top import	Vehicles, iron. Steel and other metal products
Top trading partner	China, Thailand, and Japan

Structure of Registered SMLs By States and Regions



Economic and Industrial assessment

- Huge economic growth potential. Part of ASEAN (620 ml).
- The agriculture is still a key sector of the economy.
- Significant reforms and new laws are in progress, but a lot of work still need to be done
- Thilawa SEZ is very promising, but other IZ need to be strengthen
- Low labor cost, but low productivity and weak enterprise culture.
- Few products and export concentration.
- 126,300 registered companies, 88% are small and medium, SMEs are not growing .

Location Map of Existing and New Industrial Zones in Myanmar



Existing and New Industrial Zones in Myanmar (as of August 2012)

No.	Name of Industrial Zone	State/Region	Township	Year of Established	Total Area (Acre)	No. of Factories	No. of Employees
Existing Industrial Zones							
1.	East Yangon Industrial Zone	Yangon		1996	3200.34	3319	60506
2.	West Yangon Industrial Zone	Yangon		1996	-	659	8389
3.	South Yangon Industrial Zone	Yangon		1996	432.60	85	1134
4.	North Yangon Industrial Zone	Yangon		1996	5108.61	1092	78938
5.	Hinthada Industrial Zone	Ayeyarwaddy	Hinthada	1995	-	84	1518
6.	Myaungmya Industrial Zone	Ayeyarwaddy	Myaungmya	1995	108.69	37	578
7.	Patheingyi Industrial Zone	Ayeyarwaddy	Patheingyi	1999	-	359	2927
8.	Pyaw Industrial Zone	Bago	Pyaw	1995	120.92	132	690
9.	Pakokku Industrial Zone	Magway	Pakokku	1996	378.80	281	1313
10.	Yaungmyatharyar Industrial Zone	Magway	Yaungmyatharyar	1995	171.71	121	484
11.	Mandalay Industrial Zone	Mandalay	Mandalay	1995	1239.33	1154	11783
12.	Meiktila Industrial Zone	Mandalay	Meiktila	1995	385.45	429	2377
13.	Myingyan Industrial Zone	Mandalay	Myingyan	1995	163.59	333	1534
14.	Mawlamyine Industrial Zone	Mon	Mawlamyine	1995	171.04	164	1092
15.	Monywa Industrial Zone	Sagaing	Monywa	1995	365.34	606	3099
16.	Kalay Industrial Zone	Sagaing	Kalay	2004	-	76	318
17.	Ayetharyar Industrial Zone	Shan	Ayetharyar	1995	902.00	505	2781
18.	Myeik Industrial Zone	Tanintharyi	Myeik	1995	318.48	30	6373
19.	Phaan Industrial Zone	Kayin	Phaan	-	971.86	-	-
New Industrial Zones							
20.	Bago Industrial Park	Bago	Bago	-	-	-	-
21.	Myawaddy	Kayin	Myawaddy	-	10000.00	26	-
22.	Tetkone	Naypyitaw	Tetkone	-	500	-	-
23.	Yatanapon	Mandalay	Yatanapon	-	-	-	-
24.	Myo Thar	Mandalay	Myo Thar	-	-	-	-
25.	Phay Thone Su	Mon	Phay Thone Su	-	-	35	2051
26.	NamOn	Shan	Muse	-	-	-	-
27.	Ponmaw Kyun	Rakhine	Panmawkyun	-	656.55	-	-

Source: Ministry of Industry (2013)



Projection/Datum : GCS/WGS84

Data Sources

Base Map : MIMU

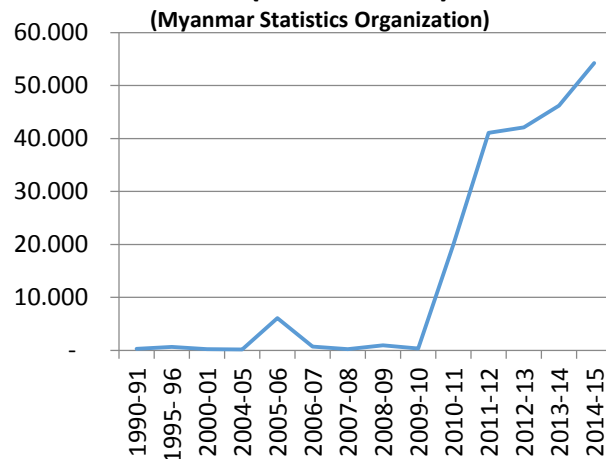
Boundaries: WFP/MIMU

Places Names - Ministry of Home Affairs

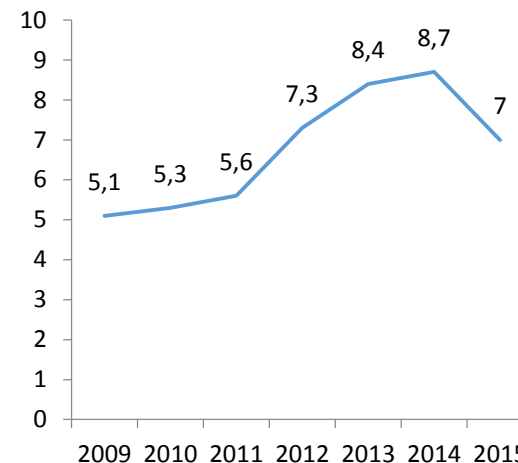
(GAD) translated by MIMU.

Cluster Data Source: Ministry of Industry (2013)

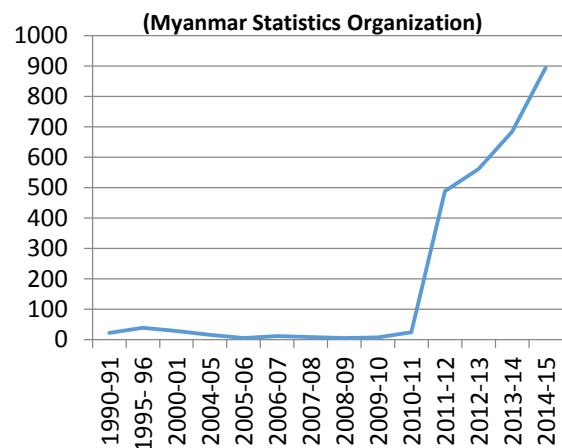
Stock of capital generated by FDI (US\$ Million)



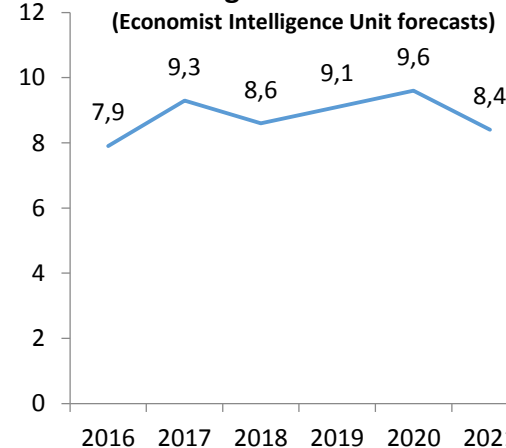
GDP growth (IMF data)



No. of foreign enterprises



GDP growth forecasts

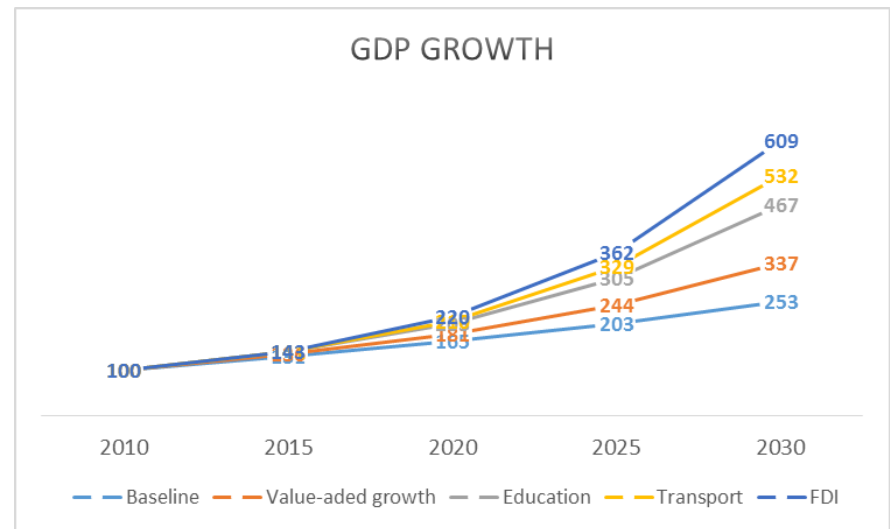


Myanmar 2030

McKinsey

- GDP \$ 200 billion (x4)
- Consumption 100 billion (x3)
- 10 million new jobs in industry and services
- Potential market of 500 million Asians (bordering areas of China and India)

Asian Development Bank



Challenges

- Ensure economic and political stability
- Structural change and diversification of the economy
- Improve the productive knowledge
- Private sector development and investment climate improvement
- Regional and international integration



Recommendations for the Government

- Coherent improvement of the investment climate
- More detailed economic strategies, targets and priorities
- PSD is about SME development
- Linkages between local and international enterprises
- Strengthen the policy making process
- Industrial parks



Strategies for Myanmar enterprises

- Understand local and foreign markets
- Networking with local and international partners
- Build the skills to work with foreign partners
- International standards
- Benefit from international support

Strategies for foreign investors

- Gain a competitive advantage as a first comer
- Long-term commitments, no delocalization
- Flexibility and readiness to seize opportunities in a fragmented market
- Local Partnerships
- Synergies with development cooperation
- Responsible and sustainable investment



Thanks!