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EUROPEAN CHAMBER OF COMMERCE IN MYANMAR

EuroCham serves as the voice of European business in Myanmar. Its main mission is to significantly increase the presence of European companies in the country and to facilitate market access particularly for European SMEs – by advocating for member interests with the government and organisations in Myanmar, the ASEAN region and the EU.

With a strong, growing network of partners, EuroCham offers on-the-ground assistance for European businesses interested in commercial endeavours in Myanmar, whether in the form of advocacy, business services, research or networking.

This report serves as a guide for European small-to-medium sized enterprises interested in investing in Myanmar; it starts with a sector overview followed by entry-level information and relevant contact details.

Please contact us for further information and support.

Yangon, October 2018



The voice of European business
in Myanmar

ADVOCACY

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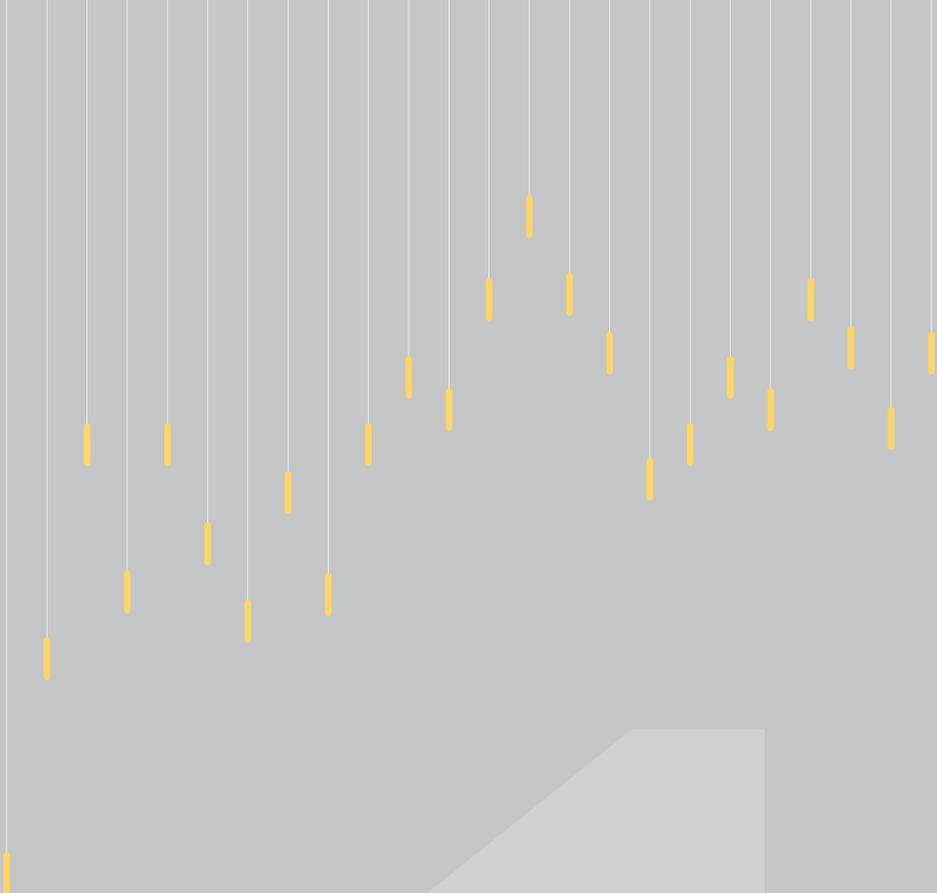
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ACRONYMS

AEC	<i>ASEAN Economic Community</i>
ASEAN	<i>Association of Southeast Asian Nations</i>
CDSG	<i>Capital Diamond Star Group</i>
DICA	<i>Directorate of Investment and Company Administration</i>
FDI	<i>Foreign Direct Investment</i>
FIL	<i>Foreign Investment Law</i>
FMCG	<i>Fast-moving Consumer Goods</i>
GDP	<i>Gross Domestic Product</i>
GPS	<i>Global Positioning System</i>
MGS	<i>Myanmar Golden Star</i>
MIC	<i>Myanmar Investment Commission</i>
UMFCC	<i>Union of Myanmar Federation of Chambers of Commerce and Industry</i>



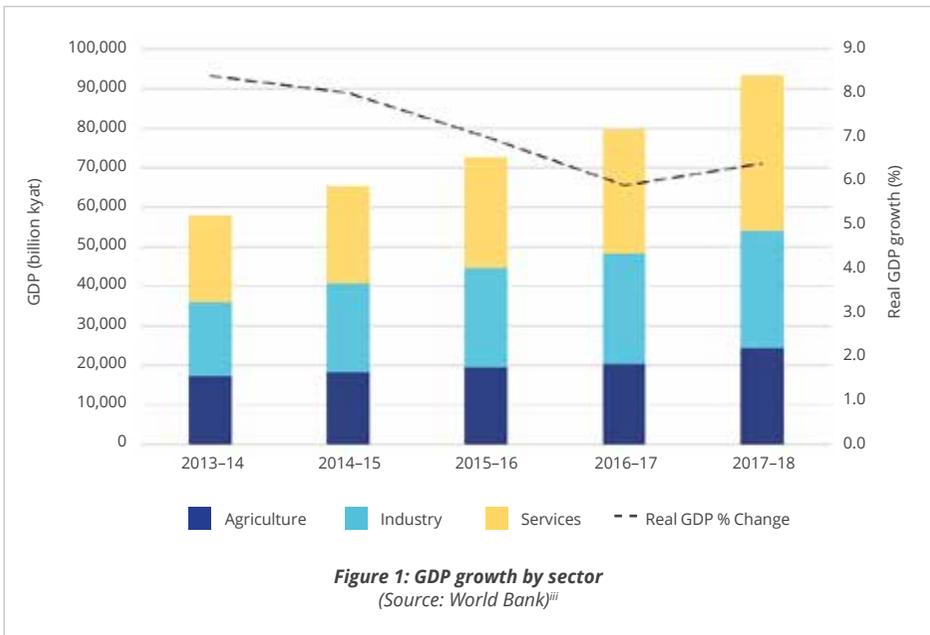


1. SECTOR OVERVIEW

The consumer goods sector is one of Myanmar's fastest-growing business areas. The country has a strong economy, increasing purchasing power, and a relatively young populationⁱ. Its proximity to its five neighbours of China, Thailand, India, Lao PDR, and Bangladesh places it within reach of almost 40% of the world's population, underlining its potential to become a regional trading hub.

The transition to a civilian government in 2011 and the electoral victory of the NLD party in 2015 saw the easing of sanctions and introduction of economic reform that have, in turn, spurred dramatic economic growth. After being declared the World's Fastest Growing Economy by the IMF in the *2016 World Economic Outlook*, Myanmar's economy has slowed somewhat, though growth remains relatively strong.

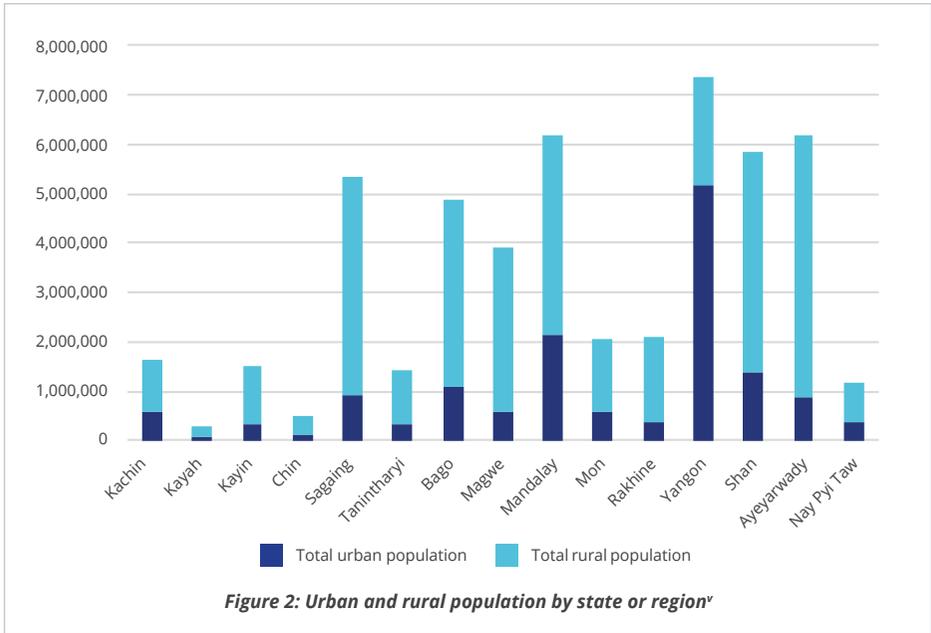
GDP reached USD69.3 billion in 2017, but growth fell from highs of 8% in 2014 and 7% in 2015 to lower rates of 5.9% in 2016 and 6.4% in 2017. In May 2018, the World Bank's *Myanmar Economic Monitor* report noted strength in agriculture, manufacturing and services, though also pointed to a slight slowdown likely due to tourism and banking sector uncertaintiesⁱⁱ. Downside risks remain over the widely-publicised crisis in Rakhine State, as well as perceptions of a slowdown in the pace of reforms. Nonetheless, the World Bank projected growth to increase to 6.8% in 2018-19.



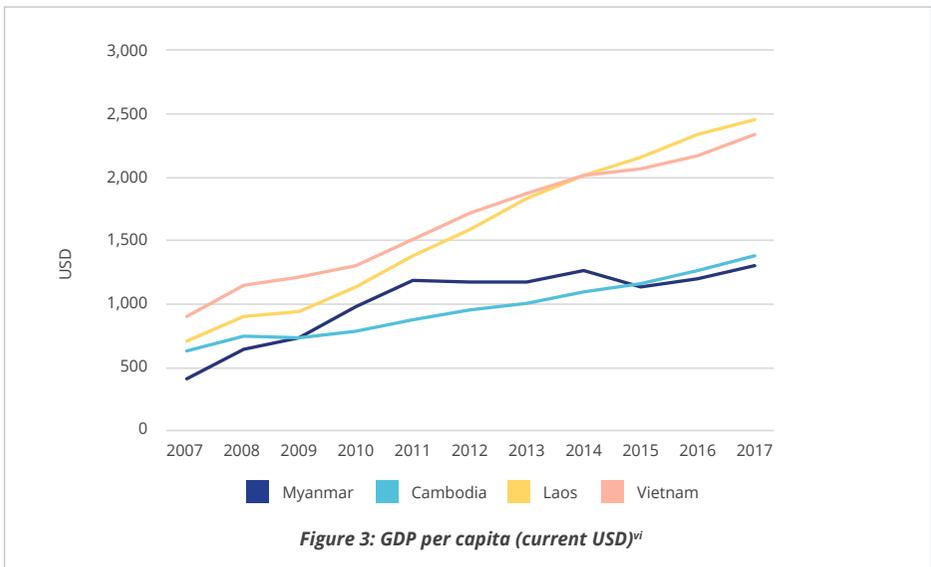
Myanmar is currently a predominantly rural country, though this is changing fast. The 2014 census showed only 30% of the country's population was considered urban, led by Yangon Region at 70%. Yet it is clear the urban population is growing rapidly, particularly in the biggest cities of Yangon and Mandalay.

The population as a whole is also rapidly expanding. The census showed 28.4% of the population was 14 or under, with the population growing at an annual rate of 0.89%^{iv}.

Myanmar's GDP per capita is well below its peers, with the lowest GDP per capita (current USD) of the so-called CLMV grouping of Southeast Asian countries. Nonetheless, income levels are increasingly rapidly, in Myanmar as well as the rest of the region.



The combination of a large, rapidly growing population with increasing income levels is an attractive one for investors in the consumers goods sector.



1.1 CURRENT MARKET SITUATION

Trading activities were previously highly restricted in Myanmar, both by official rules and unofficial barriers. Over the last decade, and particularly since 2015, the sector has been increasingly liberalised, with further improvements planned. The result is a strong opportunity for international investors to tap in to the consumer goods market as it experiences a period of expansion and growth.

Myanmar's fast-moving consumer goods (FMCG) sector grew by 15% from 2010–14, according to Nielsen Emerging Markets Research. The retail industry is currently valued at between USD10–12 billion, or roughly 15% of GDP, with strong growth projections in the short and medium terms^{vii}. There are approximately 250,000 retail outlets in the country. According to City Mart Holding, grocery, convenience, fabric, pharmacy, and fashion count for 45% of total retail stores^{viii}.

Unlike other commercial sectors, Myanmar's retail market is broadly characterised as a domestically-dominated market with mostly local tenants. However, future modern retail developments bode well for foreign brands, especially mid-tier priced items in the popular clothing, accessories and apparel lines, as well as fast-moving consumer goods.

Many major consumer goods companies in Myanmar have plans for significant expansion over the next few years. Inside Retail Asia reports that a survey of over 200 executives found that 70% of domestic businesses and 80% of international companies in the country have expansion plans in the coming year^{ix}. The scope of expansion plans is well-illustrated by the increasing number and popularity of convenience stores. Until recently, Myanmar boasted only one convenience store per 250,000 people, which is 30–40 times lower than rates found in more mature markets of neighboring Thailand, Malaysia and Singapore. In response, City Mart has announced it will double the number of its supermarkets and triple the number of its convenience stores, while ABC plans to increase the number of its convenience stores from 100 to over 900 in the next five years^x. Other companies are also entering the market, with One Stop Mart becoming one of the most prevalent.

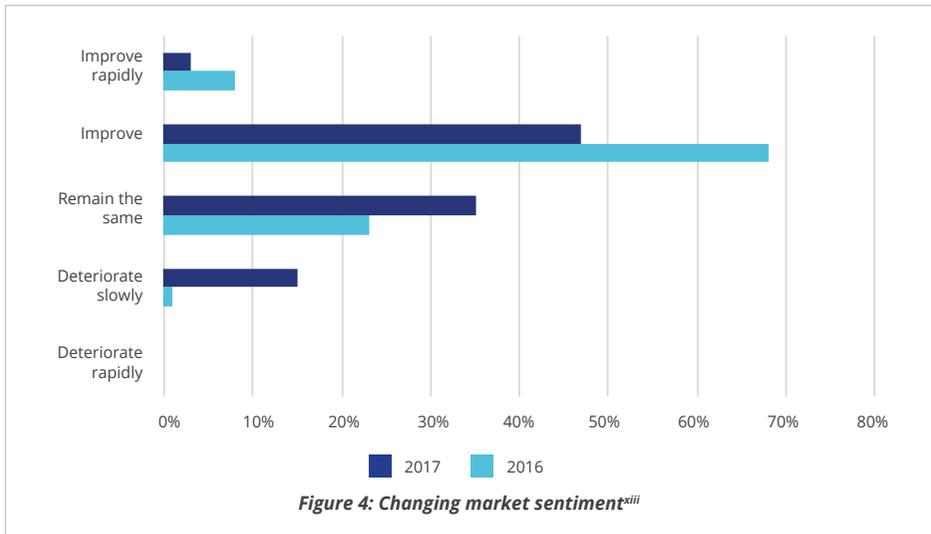
Yangon's retail market has undergone rapid change with construction of a number of modern shopping developments to keep pace with robust demand. The opening of Myanmar Plaza and Sule Square in 2016 brought 43,364 sq. m. of space to market, added to in 2017 with the opening of the 27,000 sq. m. St John City Mall, and another 40,000 sq. m. from Junction City, one of the highest-quality major shopping centres in the country.

Occupancy rates in the major shopping malls generally sit about 90%. Rents for grade A retail space is generally between \$40 and \$55 per sq. m., though in some instances the asking price for the best locations can be even higher^{xi}. Further space is likely to be added in the future, driven by life-style malls and mixed-use developments as the young urbanised population of Yangon shifts preferences away from traditional trade channels to more modern and aspirational ones^{xii}.

1.2 CONSUMER DEMOGRAPHICS

Retail and distribution companies are keen on the market's long-term potential, but are aware of potential challenges in the short term. In a December 2017 survey by Roland Berger of 500 local businesspeople, a total of 50% of respondents said Myanmar's

economy and business landscape will improve over the next year, a drop on the 76% figure in the previous survey, in 2016. Among retail and distribution, 42% of businesspeople thought the economy and business landscape would improve in the next 12 months. The economy and business landscape would improve in the next 12 months.



Nonetheless, companies are overwhelming confident in Myanmar’s mid to long term prospects. A total of 93% of local respondents and 82% of foreign respondents claimed to be either optimistic or very optimistic, the 2017 survey showed^{xiv}.

In a representative consumer survey conducted by Deloitte in 2017, 49% of consumers surveyed in Yangon and Mandalay indicated they felt optimistic about the current economy, with 34% stating that they intend to increase their household expenditures next year^{xv}. Consumers in middle and upper-middle income brackets expressed more optimism than those in the lower income households, pointing to their better access to business opportunities and higher standards of living.

About two-thirds of the population earns between USD125 – USD500 each month. Overall household expenditures for lower income brackets have increased in 2017 compared to the previous year. The typical Myanmar consumer allocates between 41–60% of their monthly household spending to cover food and beverage purchases, while other consumer goods generally make up a larger share at higher income levels. As more products enter the market and consumers have more options, “taste” and “quality” have joined “price” as the most important product attributes^{xvi}. Consumers still have a preference for local brands, especially outside of Yangon where foreign brands may be largely unfamiliar, but increasingly prefer foreign brands for non-essential and luxury items such as beauty products and appliances.

Despite rapid expansion of Modern Trade channels like supermarkets and braded showrooms in urban areas, Traditional Trade venues such a roadside vendors and local grocery stores are still the most frequented. Consumers across all income brackets

believe that products from traditional channels are fresher, as inventory is smaller and regularly re-stocked, and cheaper.

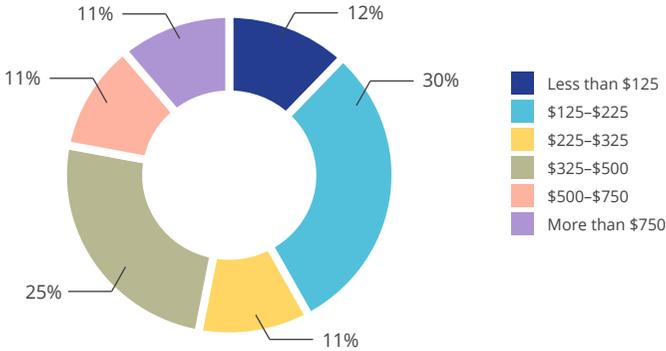


Figure 5: Average monthly household income
 (Source: WPP. "Spotlight on Myanmar: The 'Leapfrog' Nation". 2016)

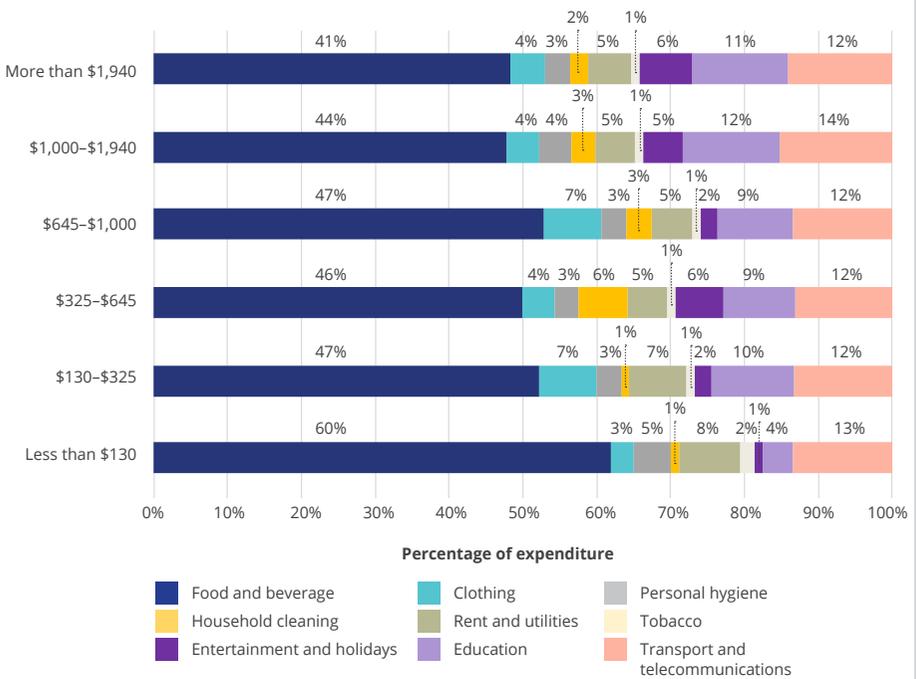


Figure 6: Breakdown of monthly household expenditures

(Source: Deloitte. The Myanmar Consumer Survey. Harvest opportunities in the golden land. September 2017.)



2. INVESTMENT OPPORTUNITIES

When considering potential investment opportunities, it is critical that foreign companies analyse the strengths and weaknesses of local competition, as well as the demographics and preferences of the consumers they serve.

2.1 STRENGTHS AND WEAKNESSES OF LOCAL COMPANIES

Strengths

The strengths of Myanmar consumer goods companies lie in:

- ability to understand local market needs, such as cultural issues impacting purchase decision making;
- having an established distribution network and sales-force;
- strong connections across various businesses and verticals;
- boasting established brand names (serving as competition to new foreign brand entrants).

Having existed in the market long before the sector was open to foreign investors, local companies have a first mover advantage of serving the market and having established their brand name in the minds of Myanmar consumers.

Even with consumer preferences for familiar brands that cater to their tastes, WPP estimates that 32% of brands in Myanmar are “blank slate” in that they are new enough that consumers are either not yet aware of them or have not yet formed an opinion of them, whereas only 16% of brands globally are “clean slates”^{xvii}. This indicates there is significant opportunity to capture first-mover advantage in the sector.

Weaknesses

Despite having first mover advantage and relatively large market share, local companies are also constrained by a number of factors.

One of the major weaknesses of local companies is the lack of financial capital to expand. This includes limitations on the development and launch of new products, the extension of current product lines, diversification into new consumer goods products, plus marketing and branding activities, etc. Moreover, their appetite for business risk is relatively low, while corporate governance, structure, and management are at times not up to international standards, especially among small-to-mid size consumer goods companies.

A common weakness of local consumer goods companies is the lack of advanced technologies or technical capacity in manufacturing. This has an impact on the effectiveness and efficiency of manufacturing processes as well as diversification issues.

Local companies are also weak in research and development initiatives, with restricted budgets for new product development and innovation. The failure to embrace a philosophy that emphasises the importance of market research, product testing, and focus group discussions is a common characteristic of local companies.

2.2 RECENT FOREIGN INVESTMENTS

Gaining momentum from the political and economic liberalisation reforms, as well as the introduction of policies that encourage international investment and promote trade, the consumer goods sector has recently enjoyed a number of major foreign investments, ranging from alcoholic beverages to automobiles and supermarkets.

TABLE 1: TIMELINE OF RECENT FOREIGN INVESTMENTS IN MYANMAR

2015

May 2015. Japan's Mitsubishi Corporation and Myanmar's Capital Diamond Star Group (CDSG) formed a food manufacturing and distribution JV called Lluvia, with Mitsubishi investing over USD200 million for the next three years.

August 2015. Japan's Kirin Holding bought a 55% stake in Myanmar Brewery for USD560 million, including launching locally-brewed Kirin Ichiban beer.

December 2015. US private equity firm TPG Capital bought a 50% stake in Myanmar Distillery Company, a manufacturer of alcoholic beverages in Myanmar.

2016

February 2016. Nissan announced it will invest USD50 million to begin assembly of the Sunny compact sedan in Myanmar with its partner, Tan Chong Motor Group. Nissan plans to transfer production to a new plant in the Bago region, which will employ about 300 people and have an annual output capacity of 10,000 cars.

April 2016. Hitachi Home Electronics Asia (S) Pte. Ltd. announced that it has established Hitachi Home Electronics Myanmar Co. Ltd., to grow its market share in the home consumer business segment.

April 2016. The government has approved an investment by Japan's Yakult Honsha Co. Ltd. for the manufacturing and wholesale of fermented milk drinks.

May 2016. Shwe Taung Group announced it will diversify its operations into the food and beverage sub-sector by partnering with Singapore Breadtalk Group.

August 2016. Aeon Co Ltd partnered with Creation Myanmar Group of Companies Limited (CMGC) to create Aeon Orange Co. Ltd. to acquire 14 supermarkets by CMGC through its affiliate, Hypermarket Asia Co. Ltd.

August 2016. Fujifilm announced a USD6 million investment to establish a facility in Thilawa Special Economic Zone to expand sales of its products and services in Myanmar.

2017

November 2016. Taiwan's SheenHo International Creation Group awarded a master franchise to a local company, Creation Strength Co Ltd, to invest about MMK1.3 billion and open up to 20 branches over five years.

December 2016. Singapore-listed Myanmar Investco Limited, a diversified business group, has committed to operate retail space at the new terminal of Yangon International Airport.

December 2016. Automobile makers Ford, Nissan and Lisan established their assembly lines in Myanmar and in preparation for sales in 2017.

February 2017. Singapore-listed Yoma Strategic Holdings Ltd. joined with Germany's Metro Group, an international wholesale and food retail company, to establish an integrated wholesale distribution platform.

October 2017. TPG Capital sells its 50% stake in Myanmar Distillery Company to Thai Beverage for about USD500 million.

2018

February 2018. Singapore Myanmar Investco (SMI) signs an agreement to develop the Coffee Bean & Tea Leaf café chain in Myanmar

April 2018. Food delivery platform Food2U raises a six-digit investment from local firm Premium Distribution.

May 2018. Alibaba buys Myanmar online retailer shop.com.mm as part of its purchase of the parent Pakistani company, which had been under a joint venture of Rocket Internet and Ooredoo.

May 2018. A JV formed between Pernod Ricard, Yoma Strategic, Delta Capital, Win Brothers for alcohol products in Myanmar.

September 2018. US doughnut company Krispy Kreme opens its first store in Myanmar.

October 2018. Singapore Myanmar Investco (SMI) signs an exclusive agreement to distribute and market Havaianas brand flipflops.

Table 1: Timeline of recent foreign investments in Myanmar

Sub-sector	Recent investments	Analysis
Food & beverages		<p>Food and groceries make up the largest percentage of an average Myanmar households consumption.</p>
Personal care & hygiene, household care		<p>After food and beverages, personal care and household products are the next most purchased items in a typical consumer's basket. Since 2011, consumer goods and personal care products have seen 15% growth.</p>
Consumer electronics		<p>Mobile devices and phones have been the most popular consumer electronics products with high turnovers as the telecoms boom took off from 2014 onwards. Televisions, washing machines, refrigerators and air-conditioners are also popular consumer electronics categories.</p>
Fashion & apparel		<p>This sector is expected to grow further as purchasing power increases. A number of luxury consumer goods brands have entered the country over recent years and many more are expected to follow.</p>

Table 2: International brands in FMCG sub-sectors

2.3 THE CHANGING FACE OF RETAIL AND DISTRIBUTION

A recent, ongoing change to retail in Myanmar has been driven by increased internet penetration. The International Telecommunications Union's latest statistics show Myanmar has 89.8 mobiles per 100 inhabitants, and 75.1 mobile broadband subscriptions per 100 inhabitants in 2017. This means 30.7% of individuals use the internet, up from 25.1% just a year earlier^{xviii}.

Myanmar's retail sector has the opportunity to leapfrog to the next step in development. While there is still opportunity in traditional brick and mortar stores, as evidenced by the competitive convenience store market and interest in retail space, it is clear there are large opportunities in online-based retail and distribution.

Given the relative delay of the move online in Myanmar as compared with the rest of the world, there is widespread local and international interest in one of the last untapped markets. So far, most players have been relatively small-scale, dominated by startups. Competition in online retailing is professionalising and becoming more competitive, with home-grown firms taking on foreign giants, including Alibaba through shop.com.mm.



3

3. GOVERNMENT RULES AND REGULATIONS ON FOREIGN INVESTMENTS

3.1 GENERAL LEGAL / INVESTMENT STRUCTURE INFORMATION

3.1.1 Myanmar Investment Law

The new Myanmar Investment Law (MIL) was signed in October 2016 and has been effective since April 1, 2017; the MIL combines the Foreign Investment Law (FIL) 2012 and the Citizens Investment Law 2013. The new investment law was created to attract both foreign and local investors by simplifying the application process and offering tax breaks, incentives, rights and protections for businesses.

Key changes	Description
Ease of foreign investment	Foreign investors are permitted to own 100% of businesses which are not on restricted or prohibited lists.
Investment screening	<p>An investor may submit an investment screening application to the Myanmar Investment Commission (MIC) for nonbidding guidance on whether a proposal investment:</p> <ul style="list-style-type: none"> • Requires an MIC permit application; • Requires Pyidaungsu Hluttaw (Union Parliament) approval prior to permit issuance; • Is prohibited or restricted under the MIL and related notifications; • In a promoted Sector under the MIL and related notifications.
Devolvement of authority for endorsement application	Application with investments less than USD5 million in non-strategic and non-restricted sectors will be handled at the state / regional level, with close involvement of the state / regional DICA officials.
Removal of blanket incentives	<p>Business may be granted tax exemptions if investments are in promoted sectors – the duration of tax exemption is contingent upon the areas in which business set up operations.</p> <ul style="list-style-type: none"> • Less developed regions (Zone 1) granted 7 years of tax exemption; • Moderately developed regions (Zone 2) granted 5 years of tax exemption; • Adequately developed regions (Zone 3) granted 3 years of tax exemption.
Long-term land lease possible beyond MIC permit	Foreign investors that invest under Foreign Investment Law (FIL) scheme can lease land from the government for 50 years and then extend it for another 20 years with two 10-year extensions.

Compensation for expropriation	Expropriation of investments is allowed under the following conditions: (a) necessary for the public interest; (b) carried out in a non-discriminatory manner; (c) carried out in accordance due to process of law; (d) on payment of prompt, fair and adequate compensation.
Grievance mechanism	MIC will establish and manage a grievance mechanism to inquire and resolve issues before escalation to legal disputes, and to prevent the occurrence of disputes.

Table 3: Key changes to investment laws

Key points of MIL

Under the MIL, a foreign investor is allowed to conduct business in Myanmar as a:

- 100% foreign-owned entity in permitted sectors;
- Joint venture with foreign, local, or government entities.

Myanmar Investment Commission (MIC) was formed under Myanmar Investment Law. It is a government-appointed body which streamlines and approves investment proposals, and comprises high-level figures, senior officials and experts from government ministries and non-governmental bodies.

The MIC also issues investment-related notifications and orders.

Investors must submit a proposal to the MIC only if the investments are:

- Activities essential to the national strategy
- Large capital-intensive investment projects
- Likely to cause a large impact on the environment and local community
- Use state-owned land and buildings
- Designated by the government as necessary to submit the proposal the committee.

3.1.2 New laws

A new piece of legislation called the Myanmar Companies Law was approved by President U Htin Kyaw on December 6, 2017, coming into effect in August 2018. The new Law will replace an older version that was enacted in 1914. The act will improve corporate governance by allowing:

- More flexible capital structures and changes to capital share
- Ability for foreign investors to purchase shares in the Yangon Stock Exchange
- Eliminate the requirement for foreign firms to obtain a permit to trade from DICA
- Possibility to incorporate a one-person company with a unique director.

Importantly, foreign investors will be able to hold up to 35% of ownership interest in a Myanmar company; if foreign stakes constitute more than 35%, the company is considered a foreign company. This will enable foreign investors to invest in companies in sectors that are currently closed to foreign investors, and thereby indirectly help to create foreign interest in companies listed on the Yangon Stock Exchange^{xix}.

3.1.3 Consumer Protection Law

The government is presenting amending the Consumer Protection Law 2014 to improve consumer protection. The amended law will include more defined charges and sentences for offending business owners and clearer steps for engaging in dispute resolutions.

3.1.4 Notification 25/2018 and the opening of retail and wholesale

Myanmar's journey from a very closed retail and wholesale market, to one welcoming of foreign investors, took a major step in May 2018 with Notification 25/2018. It allowed retail and wholesale services to be undertaken by foreign and local companies, or foreign-local joint ventures, with few restrictions.

The move is positive for creating opportunities for investors and spurring development in the sector. Some restriction still apply, including capital requirements and restrictions on operating stores under 929 sq m (convenience stores and mini-marts), but it clearly signals Myanmar's openness to investment in retail and wholesaling.

3.2 CONSUMER GOODS-RELATED RULES AND REGULATIONS

Various government notifications have removed barriers particularly for foreign companies over the last few years. They include:

Notification	Date	Changes
No 25/2018	May 2018	Allows retail and wholesale services within Myanmar by 100% foreign companies, 100% local firms and joint venture companies
No 55/ 2017	November 2017	Allows foreign owned JVs to import and sell various farm equipment
No 36/2017	June 2017	Allows 100% foreign-owned companies to import and sell chemical fertilisers, seeds, pesticides, hospital equipment and construction materials
No 20/2015	February 2017	JVs allow to import and sell new automobiles
No 14-17/2017	February 2017	Allows foreign and Myanmar JVs to import and sell vehicles, construction equipment
No 56/ 2016	July 2016	JV companies allowed to import and sell construction materials

Table 4: Important government notifications^{xx}

The MIC published Notification 15/2017 in April 2017 which distinguishes business activities based on the permitted types of ownership. It also lists the prohibited and restricted activities for foreign investment. This Notification repealed the earlier Notification 26/2016. Business activities that are not listed in the MIC notification can be carried out with 100% foreign investment.

3.2.1 Activities prohibited to foreign investors

Activities prohibited for foreign investors are primarily related to sectors impacting national security or use of natural resources. The only consumer goods activity prohibited for foreign investors is:

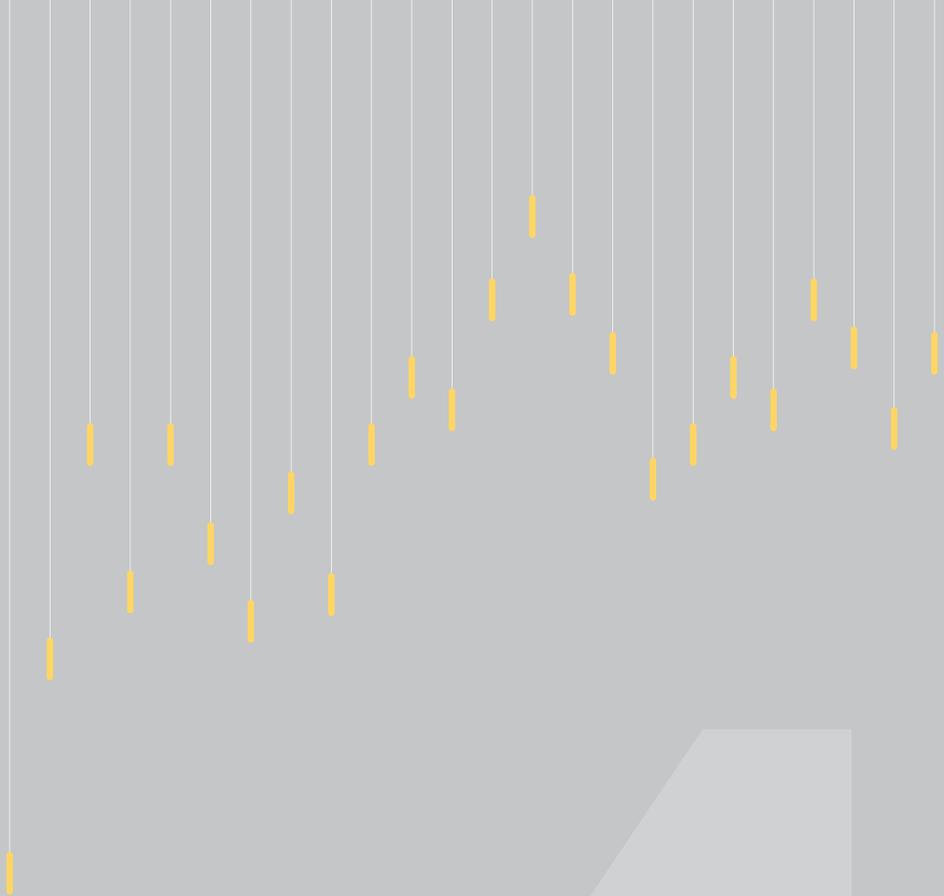
- Mini-market, convenience store (floor area must be below 10,000 sq. ft. or 929 sq. m.), Industrial Code CPC62.

3.2.2 Activities permitted only via foreign-domestic joint venture

The following consumer good business activities can be permitted in the form of a joint venture with a Myanmar citizen or government.

Activity	Industrial code
Manufacturing and domestic marketing of plastic products	ISIC 1511, 1512, 1520, 46312, 4759, 47593
Manufacturing and domestic distribution of chemicals based on available natural resources	ISIC 2011, 202, 46312, 4759, 47593
Manufacturing and domestic distribution of flammable solid, liquid, gaseous fuels and aerosol (acetylene, gasoline, propane, hair sprays, perfume, deodorant, insect spray)	ISIC 2011, 202, 46312, 4759, 47593
Value added manufacturing and domestic distribution of cereal products such as biscuits, wafers, all kinds of noodles and vermicelli	ISIC 2011, 202, 46312, 4759, 47593
Manufacturing and domestic distribution of all kinds of confectionery including those of sweet, cocoa and chocolate	ISIC 1073, 46312, 4759, 47593
Manufacturing, preserving, canning, processing and domestic distribution of food products except milk and dairy products	ISIC 1075, 46312, 4759, 47593
Manufacturing and domestic distribution of malt and malt liquors and nonaerated products	ISIC 1103, 46312, 4759, 47593
Manufacturing, distilling, blending, rectifying, bottling and domestic distribution of all kinds of spirits, alcohol, alcoholic beverages and non-alcoholic beverages	ISIC 1101, 1102, 46312, 4759, 47593
Manufacturing and domestic distribution of all kinds of purified ice	ISIC 1079, 46312, 4759, 47593
Manufacturing and distribution of purified drinking water	ISIC 1105
Manufacturing and domestic distribution of all kinds of soap	ISIC 2023/ 20231, 46312, 4759, 47593
Manufacturing and domestic wholesale of all kinds of cosmetic products	ISIC 2023/ 20232, 46312, 4759, 47593

Table 5: Activities permitted for joint ventures



4

4. CHALLENGES AND OUTLOOK

Myanmar's current economic outlook remains positive, despite the downturn in 2016 and 2017, as the country continues to implement economic reforms. Drawing up on its young workforce, strategic location, and increasing foreign investment, Myanmar is expected to see yearly GDP growth at 7% per annum, rising to USD200 billion by 2030^{xxi}. In addition, Myanmar will join the AEC in 2018, which is expected to bring many benefits to the country's economy.

4.1 CHALLENGES

Despite strong growth potential, investors in Myanmar still face a number of challenges, which can be broadly categorised as:

Infrastructure

The supply of electricity is limited and unreliable. Only 32% of homes have mains electric lighting, while businesses cite power outages as a major constraint to performance. Large manufacturing companies suffer on average 15 outages each month and draw 10–15% of their electrical supply from generators^{xxii}.

Myanmar's poor logistics network, with its dilapidated nationwide transport infrastructure, poses an obstacle for foreign investors in the movement of goods. As such, nationwide distribution coverage is not common for most consumer goods brands. Third-party logistics providers with extensive country-wide distribution networks are also limited.

There is also an absence of a cold storage supply chain network for perishable and frozen food. It is challenging, time consuming and expensive to distribute in remote areas, particularly the hilly regions. Moreover, distribution efficiencies are also affected by unreliable internet and mobile phone connectivity necessary for GPS (Global Positioning System) and fleet management systems.

Demographic

Despite the high proportion of youth, there is a limited pool of skilled employees in Myanmar. This makes the recruitment and retention of high quality local staff difficult and expensive given the high demand from competitors across sectors.

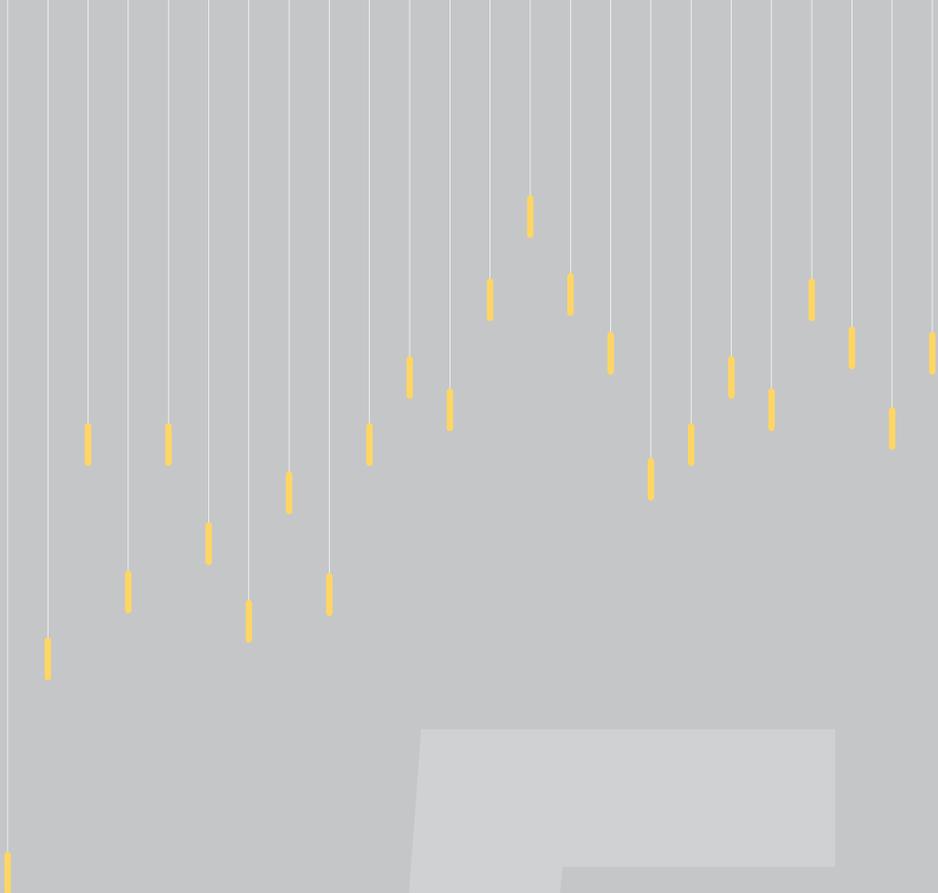
Local consumers tend to have strong brand loyalty and a substantial amount of time and marketing is required to influence them to switch from established brands. Local consumption habits continue to favour local products, though this is largely due to availability.

Consumers still prefer cash payments. Even though increasing numbers of urban residents have a bank account and/or bank card, 99% still conduct transactions in cash. Successful companies will have to accommodate this phenomenon^{xxiii}.

4.2 OUTLOOK

Robust economic growth, increasing purchasing power and urbanisation, and the consumerisation of digital communications have all contributed towards bringing Myanmar's emerging middle-class greater exposure to international brands. As such, Myanmar presents a significant investment opportunity for consumer goods companies across a range of areas.

Rising incomes will fuel the expansion of the country's consumer class, growing to 10 million people, or 15% of the population, by 2020 alone^{xxiv}. Likewise, consumer spending is projected to triple over the next decade^{xxv}. Within this context, the consumer goods sector will benefit from the evolving buying preferences of the young and aspirational urban middle-class, who are looking to spend their increasing incomes on international brands which have an established international reputation.



5

5.
INDUSTRY CONTACT INFORMATION

5.1 GOVERNMENT OFFICES

MINISTRY OF COMMERCE

The Ministry of Commerce is responsible for the trading of consumer goods, as trade activities can only be conducted with licenses from the Ministry. Trading licenses are issued both in Nay Pyi Taw and Yangon.

Mailing Address

Nay Pyi Taw
Director General
Department of Trade
Ministry of Commerce
Office No. 3, Nay Pyi Taw

Yangon
No. 228-240, Strand Road,
Kyauktada Township, Yangon

Contact

(+95) 67 408 002, 408 265, 408 485 (Nay Pyi Taw)
(+95) 1 251 197 (Yangon)
mocdotict@gmail.com

The Customs Department plays a vital role in trading transactions and is also under an arm of the Ministry of Planning and Finance.

Mailing Address

No. 132, Strand Road, Kyauktada Township, Yangon

Contact

(+95) 1 379 423, 379 426~9

MINISTRY OF HEALTH AND SPORT

The Food and Drug Administration under the Ministry of Health and Sport is important to ensure the safety and quality of food, drugs, medical devices and cosmetics in the country.

Mailing Address

Department of Food and Drug Administration
Ministry of Health and Sports
Pyigy Zayyar Road, (in front of Sabel Housing)
Zayyar Thiri Ward, Zabu Thiri Township, Nay Pyi Taw

Contact

(+95) 67 403 609
fda@mohs.gov.mm
fdanpt1@gmail.com

MINISTRY OF PLANNING AND FINANCE

The Directorate of Investment and Company Administration (DICA) and the Myanmar Investment Commission (MIC) are the focal bodies for incorporation of foreign businesses, and are under the authority of the Ministry of Planning and Finance. Companies need to be aware of updates from MIC so as to be kept abreast of the investment climate's evolving legal dynamics.

DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION (DICA)

Mailing Address Director General
Directorate of Investment and Company Administration
Ministry of Planning and Finance
No. 1, Thitsar Road, Yankin Township, Yangon

Contact (+95) 1 658 143
(+95) 67 406 471

MYANMAR INVESTMENT COMMISSION (MIC)

Mailing Address No. 1, Thitsar Road, Yankin Township, Yangon

Contact (+95) 1 657 891
(+95) 1 658 127/ 128/ 129/ 130

CITY DEVELOPMENT COMMITTEES

Respective city development committees also play important roles for consumer goods companies in setting up manufacturing footprints. Investors need to apply for construction permits from respective city development committees to start construction.

Contact Yangon City Development Committee
(+95) 1 248 112, 370 982, 382 565

Mandalay City Development Committee
(+95) 2 69 961

5.2 BUSINESS ASSOCIATIONS

UNION OF MYANMAR FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY (UMFCCI)

Most of the business associations are formed under the auspices of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and are located at the UMFCCI building.

Mailing Address	No. 29, Min Ye Kyaw Swar Street, Lanmadaw Township, Yangon
Contact	(+95) 1 231 4344~49 ird@umfcci.com.mm

MYANMAR RETAILERS ASSOCIATION

The Myanmar Retailers Association is the sectors' main advocacy body.

Mailing Address	Room No. 409, La Pyay Wun Plaza, Alan Pya Pagoda Street, Dagon Township, Yangon
Contact	(+95) 9 314 225 55, 314 227 77

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