

EuroMatters



12 — COVER STORY

HANS VAN BAALEN The EU, Brexit and a shifting world order

10 — MICROECONOMY
16 — SUCCESS STORY
24 — EAR ON MARKET

Working in a European organisation - from a Myanmar perspective
Luther gets things done in Myanmar
Why are we talking about trust?

2019

On behalf of the EuroCham team,
we would like to thank you for your trust
and we look forward to collaborating
with you in 2019!

We wish our readers a happy
and prosperous New Year 2019!

EuroMatters 3 • JAN-MAR 2019

EXECUTIVE DIRECTOR & CHIEF EDITOR

Filip Lauwerysen

DIRECTOR OF PRODUCTION

Laurenne Sautier

CREATIVE DIRECTOR

Richie Chan

INTERNAL CONTRIBUTORS

Marc de la Fouchardière

Kai Heymans

EXTERNAL CONTRIBUTORS

Kantar TNS

PHOTOGRAPHY

ALDE Party

Alexander Bohusch

Htoo Kyaw Htet

PRINTER

MCM

Reg. No. 00876

No. 379/383, Bo Aung Kyaw Street

Kyauktada Township, Yangon, Myanmar

ADVERTISING ENQUIRIES

+95 9 25002 0798

+95 9 45051 8085

info@eurocham-myanmar.org

PUBLISHER

Filip Lauwerysen (02375)



**European Chamber of Commerce
in Myanmar**

271-273, Bagayar Street
Sanchaung township, Yangon, Myanmar

+95 9 450 582 335

info@eurocham-myanmar.org

www.eurocham-myanmar.org

eurocham.myanmar

eurocham.myanmar

EuroCham Myanmar

CO-FUNDED BY

European Union



This publication has been produced with the assistance
of the European Union.

DISCLAIMER

The information and views set out in this magazine are
those of the author(s) and do not necessarily reflect the
official opinion of the European Union or EuroCham
Myanmar. Neither the European Union institutions
and bodies nor any person acting on their behalf may be
held responsible for the use which may be made of the
information contained.

No part of this publication can be reproduced or
transmitted in any form without prior written permission
from EuroCham Myanmar. The editors, employees and
contributors cannot be held responsible for any errors,
inaccuracies or omissions that may occur.

COVER PHOTO

HANS VAN BAALEN by ALDE PARTY

MESSAGE FROM EUROCHAM

We wish you a Happy New Year on behalf of **EuroMatters!**
It is our pleasure to present you the first 2019 edition of
EuroMatters, the only premium business magazine for executives
in Myanmar.

This issue focuses on the health sector. The feature articles
seek to highlight Myanmar's expansion of hospitals and clinics,
growth of the medical device and pharmaceutical industries and
development of logistics and insurance for medical suppliers.
The healthcare market is of critical importance to many European
businesses in frontier economies, including Myanmar. Across
the country, there is an urgent need to upgrade the healthcare
system, in terms of both hardware and software. That entails the
introduction of health insurance, better medical equipment, new
hospitals, more public spending, more doctors and nurses and-
above all - more foreign investments.

In addition, this edition will present you an interview with
HANS VAN BAALEN, one of the most recognisable names in
Europe's vast political landscape, who is the current President of
the Alliance of Liberals and Democrats for Europe (ALDE) Party in
Brussels' European Parliament. MR BAALEN plays an important
part in the Investment Protection Agreement discussions
between Myanmar and the EU. European Commissioner
CECILIA MALMSTROM, who is in charge of evaluating the
potential withdrawal of Myanmar's tariff-free access to the EU
market, belongs to the same party. The wide-ranging interview
covers MR BAALEN's vision of the future of European trade and
geopolitics.

Lastly, we will take you through the story of German law firm
Luther, which has been very successful in supporting European
investors in Myanmar, helping them to navigate the many
challenges in this frontier market.

EuroMatters wish you and your business a successful 2019. •



Filip Lauwerysen
EXECUTIVE DIRECTOR &
CHIEF EDITOR



Laurenne Sautier
MARKETING & COMMUNICATION
MANAGER

CONTENTS

06 SNAPSHOT

Lifestyle of people from Dala at Blue Hour

08 UPDATES

Relevant news and developments in Myanmar's business environment

10 MICROECONOMY PROFILE

Working in a European organisation - from a Myanmar perspective

12 INTERVIEW

The EU, Brexit and a shifting world order

An interview with Hans van Baalen, President of Alliance of Liberals and Democrats for Europe (ALDE)

16 SUCCESS STORY

Luther gets things done in Myanmar

18 BUSINESS

HEALTHCARE
Modernising Myanmar's hospitals and clinics



10



12



16

20 BUSINESS

HEALTHCARE
Pioneering logistics and insurance for medical supplies

22 BUSINESS

HEALTHCARE
Healthcare industry seeks to fight off illicit trade, develop human capital

24 EAR ON MARKET

Why are we talking about trust?

26 EVENTS ON REVIEW

EuroCham Business Confidence Survey 2018 and Business Guides 2019 Launch
A recollection of our successful event in Yangon

28 UPCOMING HIGHLIGHTS

Overview of key events in the upcoming quarter



18



20



26

LIFESTYLE OF PEOPLE
FROM DALA AT BLUE HOUR

KIDS FROM Dala swim at the riverbank in the evening. This photo was taken at the old shipwreck from which they jumped into the water during high tide.

Photo by
HTOO KYAW HTET
@ HTOOKYAWHTTETTRAVEL
f HTOO KYAW HTET PHOTOGRAPHY



Majority of European firms to re-invest in Myanmar

THE THIRD edition of EuroCham’s Business Guides are now available for European companies and investors as well as related stakeholders in a wide variety of industries. The Business Guides together with the third Business Confidence Survey were launched last December with the presence of H.E. KRISTIAN SCHMIDT, EU Ambassador to Myanmar and U AUNG NAING OO, director general of the Directorate of Investment and Company Administration (DICA) (see page 26).

The annual business confidence survey is a highly important tool to obtain valuable market data and has been endorsed by the European Commission. It aims to monitor economic developments and create a more transparent business environment in Myanmar. By securing actual data on business sentiments and concerns, EuroCham endeavours to relay the views towards the governing entities and regulatory bodies.

This year’s findings show that the most important reason for European

companies to come and do business in Myanmar are the opportunities in the booming domestic market. The majority of companies remain positive on their expectations of operational changes over the next three years. A larger share of European companies is planning to reinvest in Shan State and Ayeyarwady Region, whereas there is a decline in investment interest in Mandalay Region, Naypyidaw and Tanintharyi Region.

However, there was also some dissatisfaction. Over half of the businesses are not happy with the domestic business environment. The DICA director general reaffirmed the government’s commitment to raise Myanmar’s ease of doing business ranking.

Similar to previous years, the key challenges include regulatory issues, lack of qualified labour force and legal uncertainty.

Among the data, there are six key sets of findings which companies should be aware of.

Firstly, 81% of the European companies rate Myanmar’s business environment as “poor” or “needs improvement”, compared to 76% in 2017 and 67% in 2016. Secondly, 45% of the firms responded that in the last 12 months the overall business environment “decreased” or “greatly decreased”, compared to 30% in 2017 and 18% in 2016. Thirdly, 47.3% of firms surveyed chose to set up its business in Myanmar as a local subsidiary, specifically in a form of a limited company. Fourthly, economic nationalism in Myanmar negatively affected 48% of the surveyed companies, a positive decrease of 6% in comparison with 2017. Fifthly, 37% of the surveyed companies in 2018 are profitable, against 41% in 2017 and 50% in 2016. Last but not least, 42% of the surveyed companies were negative about the changes in the Kyat values against the US dollar. In comparison with last year, only 27% of the participants were negative about that. •

The full survey and the business guides are available for free on EuroCham website.

Foreign banks permitted to lend to local companies

MYANMAR’S CENTRAL bank has liberalised the financial industry by allowing foreign players to offer loans to companies and set their own interest rate since December 2018.

Foreign banks with branches in the country are now permitted to conduct wholesale banking services and other financial services, according to the latest directive issued by the Central Bank of Myanmar (CBM).

Also, foreign banks are free to set their own interest rate as long as those loans are in foreign currencies. All loans offered in the Kyats must adhere to the rule that the interest rate must be below 13%.

In short, foreign bank branches can now provide loans and other

banking services for companies and organisations. Despite the liberalisation, there are still restrictions on acceptance of immovable properties, such as land and building as collateral, and acceptance of fixed deposit saving and paying interest in kyats.

However, the domestic market in retail banking remains off-limits for foreign players.

In addition, foreign banks will be allowed to expand their number of branches this year.

CBM’s deputy governor U SOE THEIN was quoted by a local newspaper saying that “Local banks have been allowed to do so for 25 years. They still have capital requirement. We can’t close local banks - even they have yet to

develop. The main thing is that we need to prioritise the growth of the economy for the entire country.”

Deputy governor U BO BO NGE also emphasised that CBM would want foreign banks to support the country’s financial industry and economic development.

Foreign banks can now lend in both foreign currency and the national currency, and they have received permission to provide every trade-related banking services.

Analysts expect this to bring positive impact on Myanmar’s lacklustre investment landscape. The country is in need of capital investments to develop its infrastructure, which is seen by many as a prerequisite for further growth. •

Strong growth momentum for Myanmar

MYANMAR’S GROWTH momentum remains strong despite the broader headwinds on a global scale, and the country is expected to reach 6.6% growth by next year, the latest World Bank report said.

The World Bank published its bi-annual economic assessment of Myanmar in December 2018. It found that while macroeconomic volatility has intensified as Myanmar continues to navigate significant uncertainty and risks at home and abroad, the country maintains relatively strong growth momentum by global and regional standards.

Real GDP is projected to moderate to 6.2% in 2018–19 from 6.8% in 2017–18. In particular, agriculture growth remains strong and stable at 1.2% and some service sub-sectors like telecommunications are growing robustly. This is offset by slowing

growth in manufacturing, construction and transport sectors driven by slowing investments, rising production costs and weakening domestic demand.

The national currency Kyat depreciated 18% against the US dollar between April and October last year, having an impact on inflation, which is expected to climb to 8.8% in 2018–19 from 5.4% in 2017–18.

“Investors believe that the recent slowdown in commitments may reflect uncertainty in the investment climate related to the Rakhine crisis and weak reform momentum,” the report highlighted.

In the medium-term, the macroeconomic outlook projects a recovery to 6.6% by 2020–21, supported by an expected pickup in foreign and domestic investment which is catalysed by a number of recent policy measures.

Notably, the opening of retail and wholesale sectors, services sector liberalisation, loosening restrictions on foreign bank lending and continued implementation of the Companies Act will drive the investment prospect.

Despite the steps taken, there are elevated downside risks from intensifying impacts of the northern Rakhine crisis, such as the possible repeal of the Generalised Scheme of Preferences by the European Union and pressure from macroeconomic imbalances.

The Bretton Wood institution argued that more could be done with the fiscal space, driven by under execution of the state budget. Deficit is expected to increase to 4–4.5% in next two years, from 2.7% of GDP in 2017–18. •

New ministry to speed up investment process

IN AN effort to drum up foreign investments into Myanmar, the government established a new ministry to oversee investment process and foreign aid support.

Last month, the government set up the new Ministry of Investment and Foreign Economic Relations. Swiftly approved by parliament, the new ministry is headed by career diplomat U THAUNG TUN, who is also chair of the Myanmar Investment Commission (MIC) and National Security Adviser. The new minister is a full member of DAW AUNG SAN SUU KYI’S top cabinet.

One of the new body’s key responsibilities is to streamline the entire investment process through a single-window system. The single-window system should eventually allow businesses to apply for and complete all

related procedures and licences through a one-step centre. This, ideally, should model on the One Stop Service Centre in Thilawa Special Economic Zone. The centre has representatives from all relevant ministries and the process is straightforward and efficient, without the need for investors to approach individual departments.

In addition, the business community is hopeful that the ministry will ensure that all proposed regulations and bills related to the private sector would be properly consulted on. The Directorate of Investment and Company Administration arranged public consultation on the draft Insolvency Law and invited input from the public and stakeholders before the proposal was approved by the cabinet or sent to the legislature, and businesses hope the new ministry will do so for all relevant draft regulations.

The ministry took over two existing departments - the Directorate of Investment and Company Administration and Foreign Economic Relations Department - from the finance ministry. This is the latest effort by the government to jump-start its economy policy. U THAUNG TUN, together with the new finance minister U SOE WIN and deputy finance minister U SET AUNG, are seen as the key drivers behind the country’s economic reform.

In November, State Counsellor DAW AUNG SAN SUU KYI visited Singapore to woo regional investors at the 2018 ASEAN Business and Investment Summit.

“We would like investors to view investing in Myanmar as investing in the future of ASEAN,” she urged. •

Every quarter, **EuroMatters** conducts a personal interview with a Myanmar employee working at a European company in Myanmar. They share with us their personal story and life in Myanmar.

Working in a European organisation - from a Myanmar perspective

**Can you tell us about yourself?
What is your background?
What do you do in your
organisation?**

I am KO PHYOE, from a small township, Kyaukpadaung in Mandalay Region. I spent my early years in a public school and a government university in my home region, studying part-time and graduating in 2017.

Meanwhile, I moved to Yangon in 2012 and started working for a tour operator at the Ahlone & Botahtaung seaport for seven months. After that, I changed my career direction and moved to the hospitality industry for a year. I then began working in an outbound tour company as a manager, for a total of 3.5 years, before joining the current employer. I have been working for a European organisation for more than 18 months by now.

What is your role in the organisation?

I am involved in market research and business development reports for clients, as well as communication and coordination.

**What is your experience so far
working for a European organisation?**

It has been incredible. In European organisations, employees are invited to contribute to the team by offering their views and input. This is not common in my experience before. It was something new to me.



K O
P H Y O E

- not just professionally in terms of 'hard skills', but also in terms of interpersonal skills, like teamwork and coping with work stress.

Another core aspect of European corporate culture is its flexibility. Employees are given room to manage their own schedules as long as we deliver what is expected of us, and there is an extraordinary degree of trust within the organisation.

**Do you speak other
languages besides of English
and Myanmar? Are you maybe
learning a European Language?**

Right now, I am focused on improving my English fluency and proficiency, but I'd like to pick up another European language in the not-so-distant future. If I have to choose now, I'd pick either Spanish or French, because both are widely spoken across the world. With Spanish, I could navigate most of Latin America, for example.

What do you like most about Europe?

I appreciate the country music in Italy and Ireland. The Irish folk song 'Nancy Mulligan', for example, is among my all-time favourites. I also love European food and the fact that some of the delicious dishes are not that hard to make. It is a pleasant surprise, in recent years, to realise that some popular dishes could be made with a simple recipe, such as salad dish. This requires quite a short preparation but still very tasty! •

The diversity of the employees is also awesome. With so many colleagues from different European countries, I am positively struck by the differences and diversity. This multi-cultural environment reminds me of Myanmar in fact!

**Did you face any cultural differences
working for a European organisation?
If so, how did you overcome them?**

The European approach at the workplace was at first rather different from the culture I was used to. Notably, I came to realise that having feedback is an important element in a European company. In my organisation, my seniors, line manager and colleagues tend to give me constructive feedback. This proves to be tremendously helpful for me in improving my performance



YANGON KABA AYE



Every stay at a Mercure Hotel offers you a new experience!

ROOM TYPES

Immediate contact for
Deluxe room, One, Two and Three
bedroom apartments with fully equipped kitchen, high ceilings
and balconies that overlook the pool or city view.

SERVICES & FACILITIES INCLUDE

Ready to Work Space - MiCasa Restaurant & Bar
Gym & Outdoor - Swimming Pool with Children Pool
Kids Club - Function & Meeting Rooms - Room Service
Laundry - Daily Housekeeping - 24 hour Security - Free Wifi.

No.17, Kaba Aye Pagoda Road, Yankin Township, Yangon, Myanmar.

Tel: 951 650933, Fax: 951 650960

Email: HA3N7 -RE1@accor.com, www.mercureyangonkabaaye.com



HANS VAN BAALEN

PRESIDENT OF ALLIANCE OF LIBERALS AND DEMOCRATS FOR EUROPE (ALDE)

The EU, Brexit and a shifting world order

BILATERAL RELATIONS between the European Union and Myanmar has recently been a rocky ride. Given the extremely challenging political conditions in Myanmar concerning the ongoing Rohingya crisis, the EU has not signed the investment protection agreement (IPA) with Myanmar.

In September 2017, the Committee on International Trade of the European Parliament announced that it has postponed its visit to Myanmar, which was meant to finalise the EU-Myanmar investment agreement. Businesses still hope that the deal could be inked in the future. The conclusion of an ambitious agreement would have provided the necessary guarantees for European investors in Myanmar, and vice-versa, as well as promote responsible investments from the bloc to contribute to the country's economic growth.

With this backdrop, **EuroMatters** sat down with HANS VAN BAALEN MEP, President of Alliance of Liberals and Democrats for Europe (ALDE), to talk about Europe's future. ALDE is the European Parliament's liberal-centrist group and a major transnational alliance of liberal politicians across Europe.

HANS VAN BAALEN was elected President of ALDE on a two-year mandate on November 21, 2015 at the Party Congress in Budapest, Hungary. He has been a Member of the European Parliament since 2009. Before that, he was a member of the Dutch parliament from 1999 to 2002 and from 2003 to 2009. He was also the President of Liberal International between 2009 and 2014. Between 1988 and 1998, he was managing director of Deloitte.

The interview took place at a time where Myanmar is caught at a critical juncture regarding its political and economic transition, of which the EU has provided important economic and political support.

EU aid plays an active role in Myanmar's development. The bloc is currently supporting Myanmar's government with an

allocation of €688 million aid under the Multi-annual Indicative Programme 2014–20. The EU's support for the country's reform process focuses on four key sectors: rural development, agriculture and food and nutrition security (€241 million), education (€241 million), governance and rule of law (€96 million), and peacebuilding support (€103 million). In addition, Brussels has around €45.5 million worth of ongoing projects - covering development assistance and humanitarian aid - targeting, for instance, livelihoods, education and resilience in the troubled Rakhine State.

In terms of trade, Myanmar currently benefits from the EU's Generalised Scheme of Preferences (GSP), which gives least developed countries (LDCs) customs-free and quota-free access to the world's largest market for all products except weapons. This traces back to 2013, when Brussels reinstated GSP for Myanmar as a means to provide political, economic and social support to help the country move towards democracy. Since then, Myanmar exports have benefitted hugely from such access and export sectors such as garment have grown robustly year after year, creating hundreds of thousands of job opportunities.

Total trade between the two partners equalled €2.09 billion in 2017. The EU, Myanmar's sixth biggest trade partner, imported goods worth €1,558 million from the frontier economy and exported goods worth almost €540 million to the growing market. EU imports from Myanmar are dominated by agricultural products and garments.

But the ongoing Rohingya crisis looms large in the country and beyond. Despite efforts from the international community to help resolve the humanitarian challenges and address very complex issues surrounding the crisis, Myanmar's situation has not progressed as anticipated by EU officials. As a result, EU Trade Commissioner CECILIA MALMSTRÖM on October 3 last year announced that the bloc was considering ending Myanmar's trade privileges due to the alleged human rights violations in northern Rakhine. A decision would be reached within this year.



At a time when populism, nationalism and protectionism are on the rise and when democracy is in retreat in some countries, the EU is stepping up efforts to work with other countries to uphold and defend the rules-based international order and its multilateral institutions.

Committed to multilateralism

"The European economy is on the rise, after years of recession. However, for entrepreneurs both inside and outside the EU, there is still much to be gained by completing the European single market and brokering new free trade agreements with other economic blocs," HANS VAN BAALEN said.

The EU has sealed several multilateral partnerships recently, illustrating the bloc's commitment to multilateralism.

Last October, the EU inked a free-trade deal with Singapore in October, which the two parties hope to take effect this year. This would be the EU's first trade agreement with a member of the 10-strong Association of Southeast Asian Nations (ASEAN). Singapore is among the biggest investors in Myanmar, with a total of US\$19.3 billion across 286 projects as of September. Many European investors enter Myanmar via their Singapore subsidiaries. The FTA with Singapore would open up the Myanmar market for EU investors indirectly.

As Myanmar is set to join the ASEAN Economic Community (AEC) soon, integration would upgrade the country's regulatory environment and hence make it easier to do business. Businesses expect to see improvements in infrastructure, transparency and regulation of industries following the integration. Thus, with a EU-Singapore FTA and Myanmar joining the AEC, European businesses will find it easier to do

business in Singapore and also take advantage of Myanmar's greater openness.

In the long run, the AEC integration will allow Southeast Asian countries to harmonise regulations and economic strategies, recognise each other's professional qualifications, and consult more closely on macroeconomic and financial policies.

More significantly, the EU and Japan concluded negotiations on a free trade pact last month, paving the way to establish the world's largest open economic area. The deal, combining the 28-nation bloc and the world's third largest economy, will remove EU tariffs of 10 percent tariffs on Japanese cars and the 3 percent rate typically applied to car parts. For the EU, it will scrap Japanese duties of some 30 percent on EU cheese and 15 percent on wines as well as allowing it to increase its beef and pork exports and gain access to large public tenders in Japan. The EU is also hoping to seal free trade agreements with the Mexico and the Mercosur bloc of Argentina, Brazil, Paraguay and Uruguay. In addition, it remains interested in a deal with ASEAN, after talks were shelved in 2009.

But multilateral cooperation is not all smooth and orderly. For Europe, US President DONALD TRUMP's unorthodox approach to diplomacy and international politics presents a major risk.

"The breakdown in negotiations for a free trade agreement between the EU and the US is a missed chance. Although President TRUMP is a rather unconventional president with an ambiguous attitude towards Europe, we need to reinvent the Transatlantic relationship and find new ways for political and economic cooperation," HANS VAN BAALEN said.

Brexit

Among the most immediate challenges, it is Brexit and its implications for the EU which HANS VAN BAALEN emphasised.

In June 2016, people in the UK voted to leave the European Union in a referendum, causing a major upheaval in the geopolitical landscape across the region.

"Europe finds itself in uncharted waters. For the first time in the history of European integration, a country wants to leave the Union. Brexit is going to have a major impact on the EU," HANS VAN BAALEN said.

Citing Britain's status as the world's fifth biggest economy and a permanent member of the United Nations Security Council, HANS VAN BAALEN said the UK has strong political, economic and historical ties with the continent.

As the second largest economy within the bloc, the UK is also an active player in upholding the multilateral order and has a history of championing free trade. China and Japan, two of the world's three largest economies, have expressed worries about the potential economic turmoil from a disorderly departure, as well as losing Britain's supportive voice for free trade within the EU.

"If the UK leaves the EU without a deal, it will be a lose-lose situation for both Britain and the EU," HANS VAN BAALEN warned. The key, he argued, is to fight for "a workable deal between the EU and Britain, which promotes trade and guarantees the rights of EU citizens in Britain and vice-versa."

Assuringly, British cabinet ministers have publicly said that their parliament will not allow a no-deal Brexit to take place as a majority of the lawmakers are opposed to no deal.

Beyond the short-term arrangements, Prime Minister THERESA MAY has already committed "to achieving a deep and special partnership with the European Union". But with only less than three months until Britain is due to leave the EU, there are still critical questions over the long-term future of British-EU economic cooperation and of London as the bloc's pre-eminent financial centre.

On a broader scale, however, the UK is expected to side with Europe on upholding the rules-based international order, rather than embracing DONALD TRUMP's anti-globalism stance. "We have seen what happens when the natural patriotism which is a cornerstone of a healthy society is warped into aggressive nationalism, exploiting fear and uncertainty to promote identity politics at home and belligerent confrontation abroad, while breaking rules and undermining institutions," MRS MAY already warned.

For HANS VAN BAALEN, another big challenge for Europe is the instability at Europe's borders. The EU is surrounded by unstable states in the south, in relation to north Africa, and authoritarian regimes in the East, notably Russia and Turkey.

So, as a father, what kind of Europe does HANS VAN BAALEN envision for the next generation? "For my son ROBERT, the EU should offer opportunities and not obstacles or bureaucracy. He should be able to feel both Dutch and European in a free, prosperous and safe Europe." •



In every edition, one of our partner members has the opportunity to be featured in the Success Story, wherein the details of an international investor coming to Myanmar are revealed. We are granted with a unique take on the challenges faced, as well as with an illustration of the potential they recognise which has motivated them to expand into Myanmar.

Luther gets things done in Myanmar

THE LATEST World Bank index ranks Myanmar as the worst place in ASEAN to do business. Geopolitical uncertainties, meanwhile, have considerably dampened investor confidence in the country. But there are those who remain faithful. Luther believes that the risks and challenges in Myanmar do not outweigh the opportunities, for the forces of liberalisation, economic reform and technological progress which have brought Myanmar to this point are nothing compared with their potential to enrich the lives of millions of families across the country.

As the government in Naypyidaw seeks foreign expertise to change Myanmar for the better, for Luther it is time to seize the opportunities to deliver prosperity and growth for the benefit of the country's people and businesses, now and for generations to come.

The law firm decided to enter Myanmar in 2012. Luther Corporate Services Limited was incorporated in 2013, followed by Luther Law Firm Limited in 2015. Since then, Luther has become one of the few prominent foreign law firms in this country.

EuroMatters sat down with Luther's resident managing director and partner ALEXANDER BOHUSCH to discuss how their business expanded in Myanmar and what potential the local market represents.

In the wake of the seismic shift in Myanmar's politics and economy a few years ago, Luther chose to make an entry to assist foreign investors with their business activities in this frontier economy.

"Our first office was located in downtown Yangon and run by a small

team of four foreign and local lawyers and accountants. Since then, our team has rapidly grown, with more than 50 German, French and Myanmar lawyers, corporate secretaries, accountants and tax advisers providing the complete range of legal and tax advice as well as accounting, payroll and corporate secretarial services," MR BOHUSCH said.

The law firm is now advising clients in all stages of the business lifecycle, namely, from the establishment of a Myanmar business presence, through ongoing legal and tax advice, corporate secretarial services, bookkeeping, accounting and payroll up to the dissolution of a business. It helps their clients implement legal, tax and corporate compliance structures, allowing the clients to focus on their day-to-day operations.

Today, Luther boasts more than 400 clients from nearly all key sectors in Myanmar, comprising of multinationals as well as small and medium-sized enterprises (SMEs), international investors, embassies, NGOs and domestic businesses.

Pioneering new laws

While the firm's initial focus was on corporate and regulatory compliance and commercial law, its team has meanwhile been engaged in various transactions, including equity investments of private investors and development banks, acquisitions, joint ventures as well as some of the largest financing transactions in Myanmar's history.

"What makes Myanmar special is the opportunity to 'test' new laws and regulations, and our clients are often the first to register under new laws and regulations, establishing new legal forms previously not available, or entering

new sectors formerly prohibited for foreign investments," MR BOHUSCH continued. For example, Luther's clients have registered the first 100% foreign-owned wholesale trading company in Thilawa Special Economic Zone (SEZ) and the first joint-venture motor vehicle showroom.

Over the last three years, Luther has experienced changes in the investment landscape. Notably, there has been a decrease of new investments, particularly from foreign SMEs. But transactions with existing Myanmar businesses, both in the form of acquisitions as well as foreign financing, have increased considerably. Over time, the law firm has also become more involved in the non-profit sector.

"While we, of course, hope to see a resurgence of European investments to take advantage of the latest legal reforms, particularly in the trading, insurance and finance sectors, we expect a continued focus on the implementation of international compliance standards required by foreign investors, particularly as a result of the recent increase of foreign investments into existing Myanmar businesses," the lawyer explained.

Myanmar is not a broad, sunlit upland for foreign businesses - the market has its unique set of challenges. 2017 has seen a few exits, including American Herzfeld & Rubin PC and UK-headquartered Berwin Leighton Paisner (BLP).

"Due to the conflicts in Rakhine State and the resulting reputational damage for Myanmar, difficulties with the implementation of new laws and compliance with the rule of law, as well as the continuing lack of transparency in administrative procedures, the last two years were quite challenging for many foreign law firms in Myanmar," he



added. The focus of Luther's advisory services is, however, different, and it manages to continue to grow and expand the client base.

New opportunities and changes

Since taking office in 2016, the NLD-led government under DAW AUNG SAN SUU KYI primarily focused on the peace and reconciliation process between the country's ethnicities. That does not mean that no progress in economic reform has been secured. In fact, the administration has implemented the two landmark legislation - the new Investment Law and Companies Law - and rebooted the Myanmar Investment Commission and created the Ministry of Investment and Foreign Economic Relations.

MR BOHUSCH highlighted the Myanmar Companies Online (MyCO) registry system of the Directorate of Investment and Company Administration (DICA) and streamlining of administrative processes as well as the liberalisation of various sectors, such as wholesale and retail trading.

Under DICA's new online registry system, the incorporation of a company

can now be done within one working day, bringing Myanmar on even-level with leading investment hubs like Singapore. This represents a significant step forward for the business environment.

"We hope that the government will continue this positive trend, particularly on an administrative level, by reforming other departments such as the Internal Revenue Department and the land registries. The recent establishment of the new Ministry for Investment and Foreign Economic Relations shows the government's commitment to further support the development of an open and fair market economy, which should strengthen investor confidence in the coming years," the lawyer emphasised.

Despite administrative hurdles and political challenges, this frontier economy has vast potential for European investors in a wide range of industries. Clients in sectors previously closed to foreign investments, such as wholesale and retail trading, education, finance and insurance welcome the recent steps taken to liberalise investment restrictions.

These steps, combined with the possibility to acquire or invest into

existing Myanmar businesses permitted under the new Companies Law, spell positive and meaningful changes for foreign players. Therefore, Luther noticed a resurgence of investor interest to enter Myanmar.

"That being said, European investors have to understand the numerous challenges still existing in Myanmar, be it legal restrictions such as land ownership, non-transparent administrative procedures and a weak rule of law, or unfamiliar customs and the general lack of experience in international business practices."

The key, MR BOHUSCH stressed, is to manage expectations and understand that most investments here need to have a long-term vision.

"Myanmar offers huge opportunities for investors from all sectors, but it is important to understand the current limitations and manage expectations. Most European investments will require a long-term commitment to Myanmar's developing market, which may not yet provide the infrastructure, skilled labour or customer purchasing power to yield short-term or even mid-term profits," he remarked. •

Modernising Myanmar's hospitals and clinics



AS THE country emerges out of isolation and dictatorship, Myanmar's authorities have been consistently endeavouring, with limited resources, to jump-start its severely under-funded healthcare system. The network of hospitals and clinics require enormous investments, either from companies or from the government's expenditure, before the hardware and software could serve the needs of the country's burgeoning population.

Progress has been secured. The World Health Organisation (WHO) said that infant mortality rate (IMR), under-five mortality rate (U5MR), and measles, mumps and rubella (MMR) all declined between 1990 and 2015 in the country.

Over the same period, life expectancy increased for both men and women.

Despite the considerable progress, Myanmar missed the targets of Millennium Development Goals 4 and 5, child and maternal health, respectively. Thus, ending preventable deaths of mothers, newborn and children will require substantial efforts to meet the new Sustainable Development Goals – as recognised in the country's National Health Plan 2017–21, launched in March 2017.

In Myanmar's context, it is important to understand that the country's vast bureaucracy was never designed to provide health services or any public services. It was devised as a system of controls, primarily to serve special interests, back in the junta era. It will take many years to change the government

procedures and approach and mindset of senior bureaucrats to deliver quality and inclusive health services for the masses.

Two areas considered by the World Bank as impediments on doing business in Myanmar – access to finance and human capital – stand in the way. As of 2012, official statistics suggest that the country has 9 hospital beds per 10,000 people, and, as of 2014, 0.29 psychiatrists for every 100,000 people. Not only is it insufficient to meet the country's demands, but it lags significantly behind neighbouring economies like Thailand, in which the number of hospital beds per 10,000 reached 21 in 2005 already.

While an overhaul of the entire healthcare system will ultimately depend on government policy and

enforcement, the private sector has a role in bringing foreign expertise and human capital to some segments of the population. As the economy opened up and as people gradually become affluent, some investors have identified this area as a key opportunity.

In 2015, Yangon-listed First Myanmar Investment (FMI), led by Myanmar tycoon SERGE PUN, and Indonesian conglomerate Lippo Group created a joint venture Pun Hlaing Siloam Hospitals (PHSH), with an operating name of Yoma Siloam Hospitals Pun Hlaing. FMI owns 60% of the JV while Lippo, which is the larger operator of hospitals in Indonesia under the Siloam brand, has 40% stake.

Over the last three years, the group has already expanded to various parts of the country. In Yangon, PHSH currently boasts a flagship hospital in Hlaing Tharyar, a clinic each in Botahtaung and Thanlyin's StarCity. Beyond the commercial capital, it has a clinic in Shan's Nyaung Shwe and a hospital in Mandalay.

Last year, PHSH acquired the sixth establishment with the purchase of a majority stake in a southern Shan hospital for US\$4,900,000. Following the acquisition in September, a new JV has been established. PHSH will operate and manage the hospital, with Yoma Siloam Hospitals Pun Hlaing holding 70% interest and DR TUN AYE, the local partner, holding 30% of the JV.

SEIN Hospital, located in Shan's capital Taunggyi, is a 100-bed hospital covering 0.46 acres of land, and provides primary to secondary medical services including surgical procedures, laboratory services, imaging as well as general healthcare and diagnostic services. The blueprint is to develop the existing hospital into a PHSH-branded complex by increasing the number of beds and upgrading the facilities, and hiring specialist doctors and medical professionals.

For U TUN TUN, FMI's COO, the Taunggyi acquisition is to build up a hospital network across the country

and that his group is "looking towards expansion into other cities in due course".

Better services and information

Over the past few years, urbanisation and economic growth have both given more people access to better health services and information, a process supported by European expertise.

DKSH Myanmar boasts more than 2,700 specialist employees in Myanmar and has been present since 1996. Its portfolio here includes consumer goods, healthcare, performance materials and technology. The Swiss multinational has a strong network throughout the country, with the head office in Yangon and branches in Mandalay, Myitkyina, Taunggyi and Mawlamyaing.

PHILLIP WRAY, vice president of DKSH, told **EuroMatters** that he was positive about the government's long-term plan for the sector.

The health ministry drew up the "Myanmar Health Vision 2030", an ambitious, long-term health development plan, as well as, more recently, the new five year National Health Plan (NHP) 2017–2021, providing a key direction and setting targets. The 2030 Universal Health Plan serves as a roadmap to expand and modernise the country's healthcare services.

Above all, the government aims at achieving universal health coverage (UHC) by 2030. Currently, an Essential Package of Health Services (EPHS) is being developed under the aegis of the \$200 million loan from the World Bank as part of the UHC.

MR WRAY said the investments and public-private partnerships under the plan in infrastructure, diagnostics and workforce training have led to much better services being available in the growing urban clusters.

In the past, patients would need to visit Yangon or Mandalay for healthcare services, he explained.

"Nowadays however, we see these services available in regional centres as well, which ensures that more patients have access." This is in everyone's interest, because more patients are diagnosed early-on and treated appropriately.

DKSH is involved in helping Myanmar to improve the treatment for strokes. The company is working with several hospitals to help develop the protocols that will safeguard that those patients who are hospitalised because of a stroke are promptly and effectively diagnosed and treated. "In many cases, if they are treated appropriately and quickly, they may be able to walk out the hospital with no permanent disability," MR WRAY added.

The opening up of the economy and growth are not the only key catalysts. Urbanisation – where cities grow and people move from rural to urban areas – will provide more and better health services to a bigger proportion of the population in the years to come.

"We may start to see the average life expectancy grow in line with other countries and most importantly, the population will see an improvement in quality of life."

In order to realise this vision, however, the software in the hospitals and clinics matters.

For U THIN JIA HAUR, deputy chief representative of B. Braun Melsungen in Myanmar, the sector benefits from a better infrastructure but the lack of competency for nurses and doctors are serious challenges.

He said hospitals have started to invest in quality equipment but they do not have the human capital to operate the equipment in a proper way. The competence of medical staff is undermined by the lack of incentives to learn new techniques and modern medicine. This is due to the "very low salary" for the employees and the trend that healthcare workers are moving abroad for better career prospects. •

HEALTHCARE

Pioneering logistics and insurance for medical supplies

A TOTAL OF 2.12% of Myanmar's GDP was spent on health in 2017. A report last year showed that, however, health spending is forecasted to grow from US\$1.476 billion in 2017 to \$2.364 billion in 2022. It is a significant increase, though the amount is still dwarfed by spending in other ASEAN countries.

It was MAHATMA GHANDI who said: "A nation's greatness is measured by how it treats its weakest members." Despite the limited resources, paramedics, doctors, nurses, community health staff, managers, IT workers and support staff across the country all work together to save lives and provide the best care possible.

But the difficulty in transport and logistics has proven to be a major hurdle for them, as well as for the broader pharmaceutical and medical supply sector.

PHILLIP WRAY, vice president of DKSH, said the underdeveloped transport and energy infrastructure creates many challenges in logistics.

For one, moving products within Yangon is difficult due to the increased traffic volume, while moving products to the rest of the country also has its fair share of challenges.

"Poor roads, insurgent activity, the sheer size of the country and the changes in temperature, from 40 degrees in the south to minus ten degrees in the north, create their own challenges in ensuring that medicinal products reach their destination in excellent condition," MR WRAY explained.

Most medicines must be kept in a temperature- and humidity-controlled environment to maintain their effectiveness. Cold-chain products, like vaccines and other injectables, need to

be maintained in temperatures between two to eight degrees, and diagnostic reagents need to be maintained below minus 20 degrees.

European companies such as Zuellig Pharma play a big role in ensuring appropriate storage conditions by bringing innovative packaging solutions into the Myanmar market. Zuellig Pharma recently launched its eZCooler solution. eZCooler significantly extends the storage time of temperature-sensitive products in transit from two days with a traditional system to five days.

Zuellig Pharma Myanmar's general manager FREDERIK MEERHOFF said, ultimately, eZCooler helps driving healthcare access in Myanmar.

"The eZCooler has been developed using a unique thermal isolation system that maintains the specific temperature of a product for up to five days, enabling greater reach for these products across Myanmar – particularly to the hard to reach remote or rural areas," he told **EuroMatters**.

As a distribution company, DKSH must ensure that its products are delivered in the appropriate conditions at all times. "Recently, one of our clients partnered with the health ministry to provide insulin to patients in more rural areas, bringing state-of-the-art life-saving treatment options closer to more people. We are required to validate our distribution at least once per year, using temperature-logging devices on every route the products follow," he went on.

MR WRAY also highlighted a few aspects of the logistics challenge. Getting products to the border areas is hard, especially for emergency life-saving products. The use of unmanned drones to deliver these products and other products, like blood or plasma, is currently under assessment.

Secondly, the underdeveloped energy infrastructure makes the storage more difficult. Maintaining warehouses, large industrial refrigerators and freezers within their required temperatures is difficult, as electricity supply can be unreliable at times. The cost of running multiple generators is also very high. DKSH urged Myanmar to establish reliable energy supply as soon as possible.

Thirdly, as the country moves towards the government's objective of securing Universal Health Policy, it will be critical that the entire population of Myanmar have access to the required quality standard medicines.

Logistics does not only concern the efficiency and cost-effectiveness of the sector. It is critical to the efforts against illicit pharmaceuticals as well as other forms of illicit trade which prosper from vulnerabilities in the supply chain and weaknesses in regulation.

According to JEFFREY HARDY, director general of business-led initiative Transnational Alliance to Combat Illicit Trade (TRACIT), a well-regulated and secure supply chain, as well as effective law enforcement, can help deter the trade of fake medicines.

Better logistics

A recent development means products can come to the country in a secure way. Myanmar's first Special Economic Zone (SEZ) in Thilawa, southern Yangon, has taken active steps to bring in foreign expertise and technology to ensure the reliability and security of imports from abroad.

Last year, Thilawa introduced SEZ warehouses composed of both promotion zone and free zone warehouse. Promotion zone warehouse allows storage of domestic cargo (duty-paid) while free zone warehouse allows storage of foreign cargo (duty-unpaid)

owned either by locally registered domestic businesses or non-resident businesses registered outside of Myanmar.

According to Daizen Myanmar, the country's first operator of free zone warehouse services, the measure will facilitate and boost trade for both locally registered domestic businesses and non-resident businesses registered outside of Myanmar. In addition to the introductions of new policies, there are numerous Overseas Development Assistance (ODA)-backed projects to improve the roads accessibility and port capacity placing Thilawa ahead of other industrial parks as a potential regional logistics centre.

TOMOAKI YABE, managing director of Daizen, said these standardised warehouses and new policies give alternative methods for foreign companies to distribute their products into Myanmar by allowing storage of duty-unpaid cargo until it is required by the local buyers. The benefits include much-reduced delivery time, corruption-free Thilawa customs processes and improved cash flow for the local buyers. His warehouse, covering 10,000m², boasts 24-hour security guards, CCTVs, mechanised facilities and warehouse management system with barcode scanners – all imported from Japan.

These upgrades represent a window of opportunity for pharmaceutical and medical suppliers who trust international management systems. Daizen's logistics centre caters for "first-in, first-out". Its barcode scanners prevents incorrect dispatch which is especially vital for pharmaceutical and medical equipment sectors.

In addition, Myanmar's transport ministry tested a pilot project using semi-trailer swapping with bonded cargo, whereby the cargo was electronically sealed at Myawaddy Customs and transported to Thilawa Customs for physical inspection. This reduced the time needed to reach Thilawa from Thailand by half,



compared to conventional road freight and also eliminated the need to transload at the border. The trial was conducted by Myanmar International Freight Forwarders Association (MIFFA), Daizen and Malaysia-based Overland Total Logistic Services (OTL). MR YABE emphasised that this represents a safe alternative to ocean freight for a wide range of suppliers, especially European companies active in Thailand.

Outside the SEZ, however, there remain unique challenges for transport in pharmaceutical and medical equipment industries in terms of product characteristics and logistics requirements. Rural regions have no cold chain facilities, making it imperative for deliveries to be stored in major cities, with a long lead time.

Temperature-sensitive products require cold chain solution which is still scarce in Myanmar. Meanwhile, medical suppliers demand a high-quality operation, i.e. low % of delivering wrong products, expired products, getting the level of stock right etc. Different from some other consumers products, delivery of wrong medication, or expired products, can in extreme cases lead to loss of life.

Insurance yet to take off

Another bottleneck for the sector is the insurance industry. Apart from the SEZ, the insurance sector is closed off for foreign service providers. This is set to

change as the finance ministry plans to grant foreign insurers licences later this year.

A new health insurance scheme was introduced in mid-2015, but take-up was minimal, with fewer than 2000 applications after six months of operation. Revision of health insurance in 2016 did little to encourage growth. The choice for low and middle-income people remains very limited.

"In practice, every insurance obtained by a foreign insurance provider will be valid in Myanmar only if it has been reinsured by the Myanma Insurance," NISHANT CHOUDHARY, co-chair of EuroCham's legal advocacy group, said. It is therefore crucial for the insurance market to open its door to foreign investment. Liberalisation will not only increase the inflow of foreign capital in the country, but would also bring technology and expertise which current players are lacking.

Specifically, health insurance is one sector which has been on a watch of foreign investors for a long period of time, the lawyer added. It is important for the health insurance market to open up to enable quality hospitals and facilities in Myanmar. MR CHOUDHARY explained that "It's a general understanding that cost of procuring insurance becomes cheaper if the insurance company's pool is larger." •

HEALTHCARE

Healthcare industry seeks to fight off illicit trade, develop human capital



SECURING HUMAN capital and systematically eliminating illicit trade are essential for Myanmar's pharmaceutical and medical equipment industries to take off.

The healthcare system's underfunded situation in Myanmar certainly merits attention. As of 2014, the total expenditure on health per capita is US\$103 billion, while expenditure on health accounts for 2.3% of the GDP, which in itself is already very small. The life expectancy for male and female are estimated at 65 and 69 years old respectively.

More worryingly, the burden on the public healthcare system will rise significantly in the future. The country, with a young workforce, is currently in demographic transition, moving slowly towards an ageing population.

Although public expenditure is still very low and the boom in private investments has yet to materialise,

Myanmar has secured solid progress in some areas. It is taking huge steps in the fight against HIV, hepatitis C and preventable death among people who use drugs, according to a new report from Harm Reduction International released last month. The Global State of Harm Reduction 2018 shows that since 2016, the country has dramatically scaled up harm reduction measures, such as needle and syringe programmes (NSP) and opioid substitution therapy (OST). Both are evidenced to prevent the spread of blood-borne infection.

Access to good healthcare and education are important prerequisites for sustainable economic growth. Since Asia's last frontier - as Myanmar is known - started to reform its feudalistic economy in 2011, international players have established operations in major cities to tap into the opportunities. This includes Phillips, Zuellig, Roche, Philips, DKSH and Sanofi.

Having set up its Myanmar offices in 2015, Philips currently sells a portfolio of healthcare products and solutions

across the region. This includes medical equipment, software and services to support the diagnosis as well as treatment and after-care of patients.

RUBEN LEE, general manager of Phillips, said that expanded access to healthcare, as envisaged under the government's National Health Plan, will require the availability of advanced medical technologies. Increasing the state budget for healthcare, securing support from foreign expertise and attracting private investment will allow the sector to move forward, expand and modernise.

Clearly, there remain serious challenges to be met in the development of the healthcare system. Among them are establishing a health insurance system, infrastructure development and, most importantly, human resources.

"However, Myanmar has an opportunity to leapfrog other healthcare systems - and technology must play a role in best leveraging the available clinical resources. This may include the

implementation of telehealth solutions and innovative business models to advance the healthcare system in the country," MR LEE told **EuroMatters**.

Internationally, Philips, with a presence across more than 100 countries, aims to improve the lives of 3 billion people annually by 2025. In line with this mission, the Dutch company is committed to supporting Myanmar's long-term development.

Others are equally optimistic. Frankfurt and New York-listed Fresenius Medical Care (FME) - the world's largest provider of products and services for people with chronic kidney failure - see the Myanmar market as a "considerable opportunity", owing to rising government spending on basic health coverage and a growing middle-class demand for more sophisticated services.

"Given our direct presence in Myanmar, we are well-positioned to meet the individual requirements of patients with kidney disease and actively support our partners in the healthcare system to continue to raise the standards of care in a challenging environment," U THUREIN HTUN, country manager of FME Myanmar, told **EuroMatters**.

For U THIN JIA HAUR, B Braun Medical Industries' deputy chief representative in Myanmar, the biggest challenge for the sector is the lack of manpower.

The shortage of human capital is slowing business growth and makes it difficult for the company to implement the business plans, he said. Language barrier, lack of IT skills and other "soft skills" are the most common difficulties. "We need the support from the local workforce here for our daily operations, without it we can never achieve the desired efficiency and results," he commented.

Illicit trade

But the debate on reforming Myanmar's healthcare system should not focus solely on the level of public expenditure.

The Economist Intelligence Unit's Global Illicit Trade Environment Index released last year - which measures the extent to which countries enable or inhibit illicit trade - ranked Myanmar 82nd out of 84 countries evaluated, at the bottom in both ASEAN and Asia Pacific. Apart from Iraq and Libya, Myanmar suffers from the poorest structural capability to effectively address illicit trade internationally, the report said. This proves to be near-fatal for the pharmaceutical industry.

"Illicit trade in falsified and substandard pharmaceuticals is a serious public health threat, and no country is spared," JEFFREY HARDY, director-general of Transnational Alliance to Combat Illicit Trade (TRACIT), warned. In the case of Myanmar, illicit pharmaceuticals present a serious risk to lifesaving medicines, including those used to treat malaria, cancer, heart disease and other serious illnesses.

According to scientists at the University of Edinburgh and the London School of Hygiene and Tropical Medicine, between 72,000 and 169,000 children may be dying from pneumonia every year after receiving bad drugs. Falsified and substandard medications might be responsible for an additional 116,000 deaths from malaria.

Illicit trade is not limited to pharmaceutical products. MR HARDY said there are also fake versions of generic prescription drugs and over-the-counter (OTC) medicines, as well as medical devices such as contact lenses, condoms, and surgical instruments.

"In addition to consumer health and safety, illicit trade in falsified and substandard pharmaceuticals are a threat of to public health by diverting resources from already limited healthcare budgets, undermining confidence in health systems and posing economic and social challenges to pharmaceutical companies operating in the sector," the expert cautioned.

Unfortunately, consumers in Myanmar are largely unaware of the dangers of fake medicines. Shops on the street selling fake medicines remain

largely unregulated. U THIN JIA HAUR said that the current price-driven market demand has led consumers to opt for substandard products without knowing the risks. There is a lack of public awareness on the danger of consuming products with inferior quality.

In response, Myanmar authorities are now working with the World Health Organisation (WHO) to promote health literacy promotion since 2014.

Furthermore, as a nascent e-commerce industry is gradually taking off, internet marketplaces may exacerbate the problem, even if the regulators begin to rein in the local stores. MR HARDY saw this as a grave threat. "The internet is a perfect hiding place for illicit traders; it provides an international channel for sales where effective regulatory oversight and enforcement is often difficult, and the identity of the criminals behind the scheme are easy to conceal," he went on.

The WHO estimated that one in 10 medical products in low- and middle-income economies, including Myanmar, is either substandard or falsified. Not only is this a waste of money for individuals and health systems that purchase these products, but consuming these goods can cause serious illness or even death.

For TRACIT, the solution requires a "cross-sector approach" to fighting illicit trade. Efforts should bring different stakeholders on board, i.e. health professionals, public and private organisations, pharmaceutical manufacturers, distributors, wholesalers, retailers, and national regulatory and enforcement agencies.

On top of that, education and awareness are critical to preventing the trade in illicit pharmaceuticals, especially for online marketplaces. Legislation that provides for a well-regulated, secure supply chain and criminal penalties that deter and punish unscrupulous traders of fake medicines, effective law enforcement and regional customs cooperation are also indispensable. •

WHY ARE WE TALKING ABOUT TRUST?

People often talk about the fact that there is a trust crisis in the world.

This has been largely true for many years with only about a quarter of the population trusting the brands in their country.



Trust matters because trust equals:

- More people who want to buy your product
- A greater willingness to pay a premium
- Stronger brands
- Better market results.

In this connected, post-truth world, the default is suspicion, not acceptance.

Social media is rife with examples of consumers questioning the role that technology and brands play.

In this highly sceptical environment, trust is the new currency. Those who fail to nurture it can lose out. To regain trust will require marketers to be brave, to eschew bad habits and go back to basics.

Companies, therefore, face a crisis: how can they build and maintain trust and

authenticity in this rapidly changing world? How can their relationships with their customers become consistent and meaningful?

It's not enough to see trust as the outcome of everything we do. Now we have to facilitate it.

Traditional media remains more trustworthy than online and social media.

As traditional media sources are facing greater pressure as trusted sources of reliable information, in a climate of rising fake news phenomena, where does Myanmar stand?

While one in two people in Myanmar will use the internet and social media more in the future, today two thirds indicate television as their most trustworthy information source – especially in

secondary urban, and rural areas, followed by print newspapers and journal, in particular in metropolitan Yangon and Mandalay.

Considering specifically social media, is your content relevant and trusted?

It is crucial that content planning for your target is not simply based around the wide reach of a network as is the case for social media in Myanmar. Brands not only need to improve the way that content relates to their customers in the moment, but they also need to work harder to build trust among the 50% of people in Myanmar (vs 35% global average and 26% emerging Asia average) who think most of the information on social media is unreliable.

Staying true to brand principles among all of the shouting is key with social media, especially when 23% (vs 31% global average and 34% emerging Asia average) believe brands should take a stance on key issues.

Myanmar consumers show greater trust and openness to sharing personal information with brands, businesses and government than in other markets.

Can your customers trust you with their data?

In a relatively short period of time, connectivity has changed our lives fundamentally as more and more activities go digital. Consumers are increasingly aware, however, of how much personal data they are sharing with brands as a result of these activities and are growing wary of how the data is being used.

Kantar TNS Connected Life survey covering 60 countries reveals that globally, 40% of people are concerned about the amount of personal information that companies know about them, compared with 31% in emerging Asia on average.

In Myanmar, only 12% of people share this concern. This is a reflection of the relatively nascent experience for most in the frontier economy with regard to personal data use, however the insight from other countries also provides direction for companies and marketers to respect and be mindful of how data that is collected about consumers or customers in Myanmar is used.

Trust in big global brands more pronounced in emerging markets.

More than 54% of people online in Myanmar have more trust in products from big global brands than smaller local brands. Whereas in developed countries, big is usually bad – “big pharma”, “big four accounting firms”, big is tainted as big brands have been part of the socio-political system. The erosion of trust in the system has also led to small being more trustworthy.

In emerging markets like Myanmar, big brands have been distinct from the socio-political system, and in many cases the system has not been trusted, and big brands have often been a more credible alternative. When the system does not provide a safety net, trusting big brands is easier than trusting small brands.

Additionally, notions of trust change with disruption and discontinuity – whoever thought that people would allow strangers to live in their homes or choose to live in a stranger's home. AirBnB is a relevant example of this growing sharing economy.

Since when did financial technology become a credible alternative to traditional banks, and in markets like Myanmar may be the catalyst for increasing the banked population in the country?

Government use of personal information to provide better services.

34% of people who are online in Myanmar are confident that the government uses the personal information they know about people to provide better government services. This indicates a willingness for more people to engage with e-government services in Myanmar for efficient service delivery and engagement.

Offline touchpoints remain major information source.

Offline touchpoints continue to dominate for trusted information rather than social media in Myanmar across a range of categories.

Myanmar trails regional and global averages with regard to engaging

with products and brands online with only 19% researching products before purchasing vs global average of 56% and emerging Asia average of 52%.

As familiarity with engaging with businesses and brands online increases, so too will engagement with e-commerce considering that only 7% of Myanmar online currently participates in finding and buying products online vs 46% global average and 53% emerging Asia average.

As more people trust businesses than governments, consumers want brands to proactively fight for what they believe in and to lead the change on problems facing the world today.¹

References

¹ Edelman Trust Barometer 2017

Category	Staff in store	Ask friends / family	Facebook
OTC* medicines	42%	28%	7%
Hair care	42%	28%	7%
Cosmetics	27%	16%	8%
Oral care	26%	16%	3%
Personal hygiene	26%	19%	8%
Infant milk	24%	29%	11%
Baby food	23%	34%	8%
Skin care	14%	23%	9%

*Over the counter



COUNTRY LEADER
JASON COPLAND

KANTAR TNS

KANTAR: INSPIRATION FOR AN EXTRAORDINARY WORLD

Kantar TNS is one of the world's largest research agencies with experts in over 90 countries. With expertise in innovation, brand and communication, shopper activation and customer experience, Kantar TNS helps clients identify, optimise and activate the moments that matter to drive growth for their business.



EVENTS ON REVIEW

THE THIRD annual EuroCham's Business Confidence Survey launched its findings on Tuesday, December 11, 2018 in Yangon's Novotel hotel. The objective of the event was to launch and discuss the latest findings about European business sentiment in Myanmar. EuroCham also presented its 2019 Business Guides with one general and six sectorial guides on agriculture, consumer goods, garment, energy, health and manufacturing, all of which provide up-to-date, entry-level information to European companies planning to invest in Myanmar.

The keynote speech was given by H.E. KRISTIAN SCHMIDT, EU Ambassador to Myanmar, followed by a speech of U AUNG NAING OO, Director general of the Directorate of Investment and Company Administration under the Ministry of Planning and Finance. U AUNG NAING OO highlighted that "Each and every single euro of your (European) investment is your contribution to our democratic transition progress, so I do appreciate all the European investors for your interest in doing business in Myanmar."

After the formal speeches, EuroCham executive director FILIP LAUWERYSSEN presented the key findings from the business confidence survey and the highlights of the Business Guides, followed by two panel discussions. The first one comprised Executive Directors from Camera di Commercio

II
DEC
• TUES •
YANGON

EuroCham Business Confidence Survey 2018 and Business Guides 2019 Launch

Italia Myanmar, German Industry and Commerce in Myanmar, CCI France Myanmar and Norway Chamber. Most participants were not surprised by the results and expected some degree of anxiety and dissatisfaction in the feedback. Accordingly, the level of investment decreased because many companies are uncertain about the future. However, the panel agreed that there is still a high demand for quality products in the Myanmar market.

The second panel discussion lent a platform for co-chairs of EuroCham's advocacy groups to voice their views. The panelists discussed and concurred that the Myanmar government is trying to improve the overall business climate. However, they acknowledged that the survey findings come in line with the practical difficulties companies face on the ground.

The survey and the debate converged towards the idea that there are still many issues in Myanmar which affect Europeans confidence. However, the findings demonstrated that there is still a positive attitude among the European companies as they are willing to stay even through hard times. •

The Business Confidence Survey and the Business guides are available for free on EuroCham website.

2019

WHAT'S ON

In this section, the most notable events of the upcoming quarter are highlighted. From EuroCham Construction Forum to joint networking with other chambers, be sure not to miss out on these essential events in Myanmar.

More information to come on our website:
eurocham-myanmar.org/events/upcoming

EuroCham Construction Forum 2019

EuroCham Myanmar, together with leading European companies represented in the Construction and Infrastructure Advocacy Group, are pleased to announce the EuroCham Construction Forum 2019. The forum will feature a diverse outlook on the construction industry in Myanmar covering topics such as:

- Infrastructure Development
- Heritage Preservation
- Building Technology

Don't miss out on this high-level advocacy event and join us in shaping the construction sector of Myanmar. The EuroCham Construction Forum offers a variety of sponsorship opportunities.

If you would like to attend, please register on our website.

22 JAN
• TUES •
YANGON

16 JAN
• WED •
YANGON

Joint European chamber networking

The 7 European Chambers, BritCham, CCI France Myanmar, EuroCham Myanmar, German Myanmar Business Chamber, Chamber of Commerce Italia - Myanmar, Myanmar Norway Business Council and SwedCham are pleased to invite you to the second edition of the Joint European Chambers Networking event on Wednesday 16th January from 6.30 pm to 8.30 pm at Le Cellier restaurant, Novotel Yangon Max.

Join us on this special occasion and use this opportunity to expand your network and meet new people, or simply enjoy the evening catching up with peers and business associates by the relaxing atmosphere of Le Cellier.

Breakfast talk with EU Ambassador to Myanmar, H.E. KRISTIAN SCHMIDT

H.E. KRISTIAN SCHMIDT, Ambassador of the European Union to Myanmar will give insights on the business climate in Myanmar, followed by a tour de table to get an update from the private sector (business climate, new business legislation, views on government's economic agenda).

Please note that this event is reserved for EuroCham Myanmar's members only.

27 FEB
• WED •
YANGON

MAR
• •
YANGON

Joint chamber networking with British Chamber Myanmar

Come and join us to enjoy some great networking opportunities with BritCham members, or simply use the evening catching up with peers and business associates. Light canapes and drinks will be served.

More information to come soon.

Show-and-tell event by EuroCham Anti-illicit Advocacy Group

Illicit trade poses a significant challenge to some European companies, as it creates an uneven playing field by undercutting the prices of legitimate businesses, thereby discouraging foreign investment. It also not only deprives the government of tax revenue but it is a profound risk to public health and safety too. EuroCham Myanmar, together with leading European companies represented in the Anti-Illicit Trade Advocacy Group, are pleased to announce a Show and Tell event to be held in March.

The objective of this one-day event is to raise consumer and government awareness by pointing out the dangers of buying/ consuming illicit products and explaining how to identify licit/ illicit products.

MAR
• •
YANGON

SAVE THE DATE !

05 JUN
• WED •
NAYPYIDAW

The 3rd Myanmar-EU Economic Forum

The 3rd edition of the Myanmar-EU Economic Forum will take place in Naypyidaw on the 5th of June 2019. Pencil in the date in your agendas to join us in shaping the future of European investment in Myanmar.

Look out for our next issue for more information, or log on our website:
eurocham-myanmar.org/events/upcoming



Thank you to our
partner members



PLATINUM



GOLD



SILVER



The voice of European business
in Myanmar

ADVOCACY

BUSINESS SERVICES

EVENTS

European Chamber of Commerce in Myanmar
271-273 Bagayar Street
Sanchaung township, Yangon, Myanmar



+95 9 45058 2335



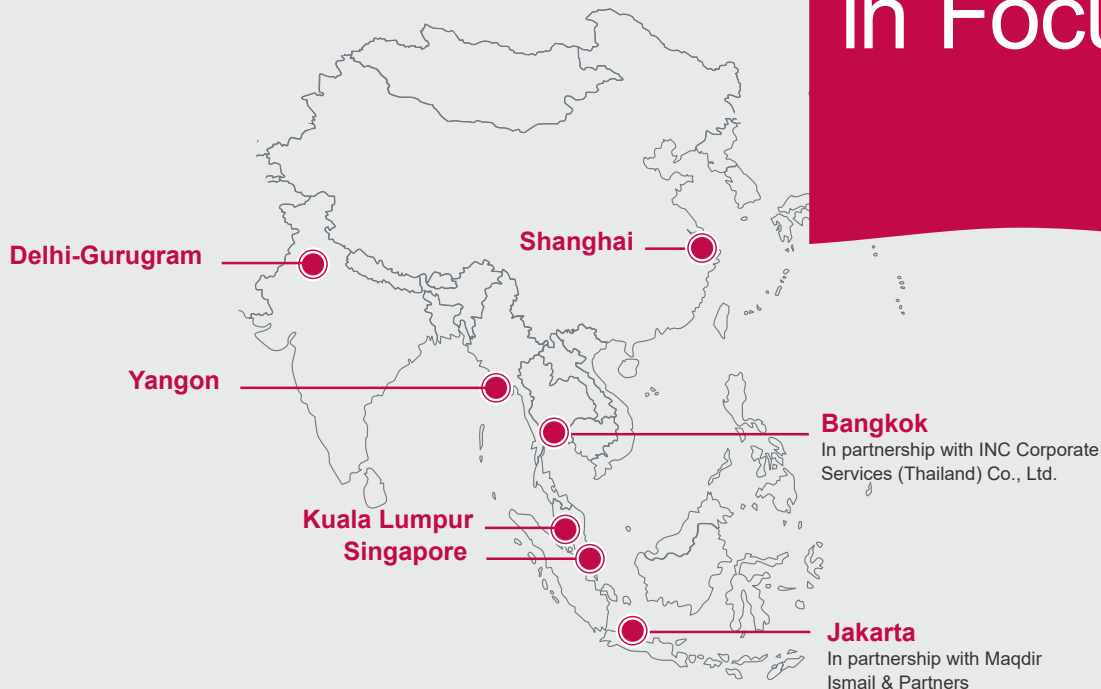
info@eurocham-myanmar.org



www.eurocham-myanmar.org

Advertise with us or sponsor the next issue
to promote your brand in the only
premium business magazine in Myanmar.

For enquiries, please contact us at
info@eurocham-myanmar.org or
+95 9 45058 2335 / +95 9 45051 8085



With a team of more than 50 European and Myanmar lawyers and internationally trained professionals in our office in Yangon, Luther has the competence and expertise necessary to comprehensively assist and advise our clients on all aspects of corporate and commercial law as well as regulatory compliance, including:

- Legal advice
- Tax advice
- Incorporation services
- Corporate secretarial services
- Bookkeeping and Accounting
- Tax Compliance
- HR administration and payroll
- Payment administration

Our Myanmar clients comprise of international and multinational private investors, MNCs and SMEs, Myanmar businesses and conglomerates as well as embassies, state owned enterprises, international development organizations and NGOs.

With 13 European and 7 Asian offices and partner firms, Luther is one of the top addresses among German commercial law firms. Knowledge of the market in which our clients are active is a prerequisite for providing successful advice. That's why our lawyers and tax advisors, in addition to their specialized legal knowledge, also focus on advising clients from particular industries.



Luther Law Firm Limited | Luther Corporate Services Limited

Uniteam Marine Office Building, Level 8, Unit #1, 84 Pan Hlaing Street, Sanchaung Township, 11111 Yangon, Myanmar
myanmar@luther-lawfirm.com | myanmar@luther-services.com | Phone: +95 1 500021 | Fax: +95 1 502852