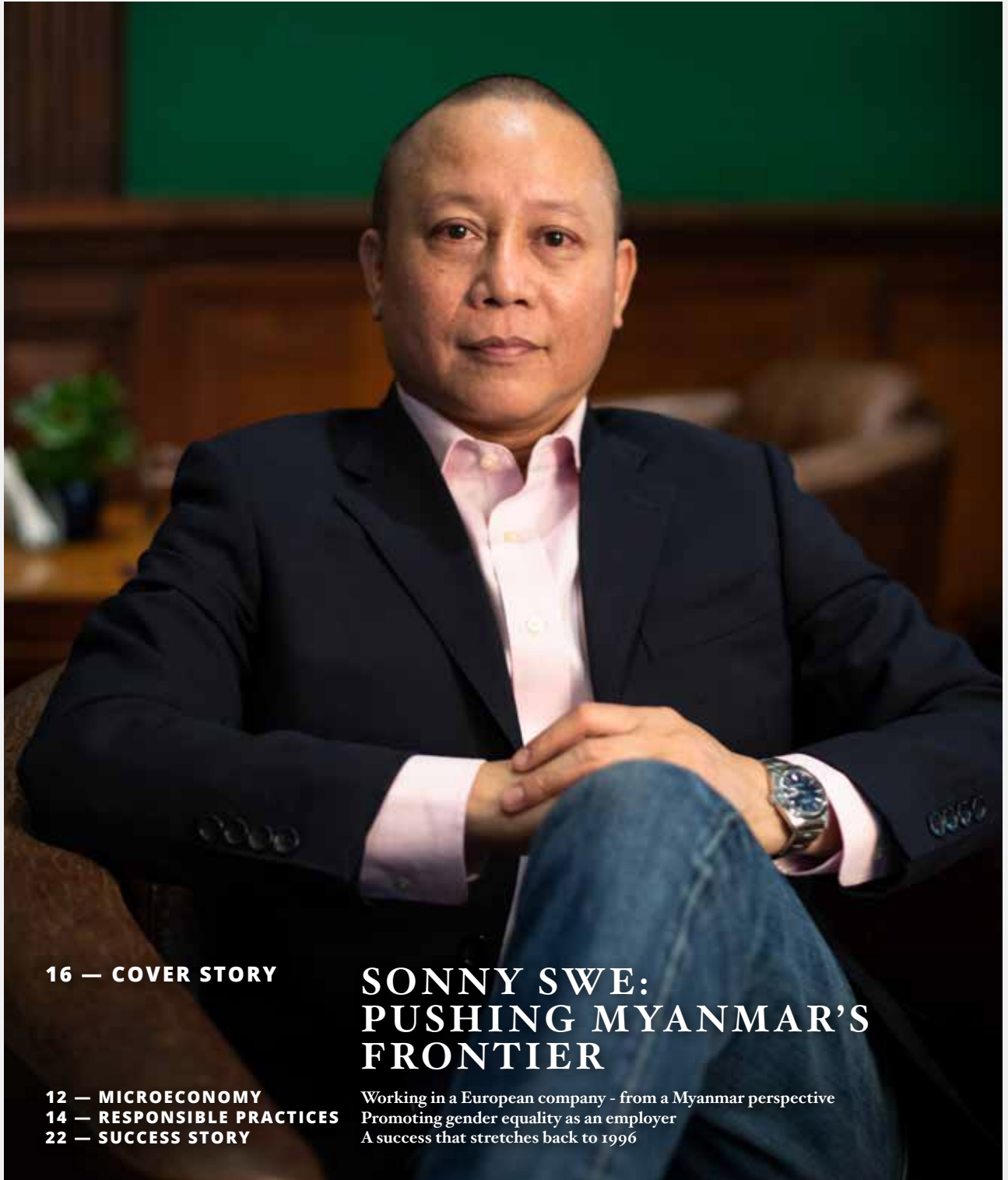


# EuroMatters



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## **SONNY SWE: PUSHING MYANMAR'S FRONTIER**

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Working in a European company - from a Myanmar perspective  
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A success that stretches back to 1996



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COVER PHOTO

SONNY SWE by 10A

### MESSAGE FROM EUROCHAM

With this eighth issue, we are proud to celebrate with you  
the second anniversary of **EuroMatters**. We would like to thank  
you for your continuous support and interest, which allows us  
to further explore stories and business opportunities in the  
Myanmar domestic market.

As the magazine goes for printing, Myanmar, together with  
the rest of the world, is in the midst of the COVID-19 outbreak. We  
run a survey to map out the impact of the COVID-19 on European  
business, and the results can be consulted in the news section.  
They are not only useful to address concerns to the Myanmar  
government but also to seek ways in which the authorities may  
provide support.

This edition will focus on Digital Innovation, exploring the  
most recent challenges and perspectives of the industry. The  
striking growth of e-services has been consistently shaping the  
political and economic dynamics across the country. The pace  
of development of e-commerce and e-banking facilities has not  
merely attracted a substantial flow of foreign direct investments,  
but also enhanced the general living conditions. Furthermore,  
the magazine sheds light on the growing influence of Facebook  
which has become the bridge between the government and the  
people.

For this edition's cover story, **EuroMatters** had the chance to  
interview SONNY SWE, CEO of Frontier Myanmar. As one of the  
most influential national media outlets in Myanmar, SONNY SWE  
gave his insights about how the business world should cooperate  
with journalists, why local and European corporate executives  
should care about press freedom and what role the media should  
play in Myanmar's economic transition.

We wish you an insightful reading. •



**Marc de la Fouchardière**  
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CHIEF EDITOR



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## THE ART OF KYARZAN

**THE WATER** enlivens the act of collecting “Kyarzan” (vermicelli), which is among the emblem of the Burmese culinary tradition. The woman is nearby the town of Monywa, 150km north-west of Mandalay, where a vermicelli production factory runs its business for three generations right in the heartland of Myanmar. In the background, a few hangers are drying Kyarzan.

The history of vermicelli goes back thousands of years ago, but the recipe has remained almost always the same; and it is very simple. The making just involves a powder made of rice, beans and water. Once the mixture is ready, it has to be boiled and cooled in cold water immediately afterwards. The picture is portraying such a key procedure. The last step is to dry the vermicelli in the sun for one day, after which the product will be ready to be sold in the market.

Kyarzan is a versatile food. Often it is fried (Kyarzankyaw), prepared with a salad (Kyarzanthote) or cooked as a soup (Kyarzan Hinkhar). •

Photo by  
WIN KYAW ZAN

Instagram: WINKYAWZAN  
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# Myanmar launches “project bank” to centralise infrastructure development



**A**N **ONLINE** “project bank” has been launched last February 2020 by the National League for Democracy-led government to centralise and release the infrastructure proposals considered by Naypyidaw.

www.projectbank.gov.mm is an interactive digital platform illustrating investment projects in line with the implementation of the Myanmar Sustainable Development Plan (MSDP) for 2018–2030. The MSDP is the NLD’s blueprint for developing the nation’s economy.

The government first announced the idea more than a year ago. Speaking at the Invest Myanmar Summit in the capital city in January 2019, deputy finance minister U SET AUNG said the project bank would include priority infrastructure initiatives which have been screened and approved by the government.

The centralised and publicly-accessible database is designed to enable the government to coordinate ministries and departments and prioritise proposals which are in line

with the MSDP, providing a mechanism to carry out MSDP’s 251 strategic action plans.

Commenting on the scheme, State Counsellor DAW AUNG SAN SUU KYI said that “An online one-stop-shop, where all information on projects designed to implement the Myanmar Sustainable Development Plan can be easily accessed with a single click.”

The website says the “bank” establishes a predictable and transparent system which links major investment projects with the appropriate sources of finance, such as Public-Private Partnerships. This provides more opportunities for the private sector to contribute to national development.

As of March, 58 proposals are showcased on the platform. These cover a wide range of areas, from transport systems such as road, railway, port and airport to power generation, agriculture, urban planning and industrialisation.

Investors and corporate leaders expect the project bank to change the way infrastructure programmes are planned, determined and funded.

In her speech to international investors last January, DAW AUNG SAN SUU KYI emphasised the need for socially and environmentally sound investments.

“We only ask our investors to ensure that their investments are responsible, by incorporating environmental, social and governance factors into their investment and business undertakings” she highlighted.

For that to happen, projects should come “pre-screened” by the Directorate of Investment and Company Administration, Environmental Conservation Department and the relevant ministry to identify whether or not they are in or near protected areas or ones which are sensitive for environmental social or conflict reasons, according to the Myanmar Centre for Responsible Business (MCRB).

The project document for each project should identify whether an environmental impact assessment - EIA - or Initial Environmental Examination is required, and might also usefully identify key issues to be considered by the project proponent such as how to maximise local employment in construction and operation, MCRB said. •

# Myanmar returns to FATF’s money-laundering watchlist

**M**YANMAR HAS returned to an international watchdog’s list of states perceived as prone to money laundering and terrorism financing despite the government’s efforts to improve beneficial ownership transparency.

The Financial Action Task Force (FATF), a Paris-based intergovernmental agency, has put Myanmar back to its list of countries deemed weak in combating money laundering and terrorist financing.

It said in a February announcement that Myanmar still needs to improve its understanding of “money-laundering risks in key areas” and strengthen its governance of financial entities.

In response to FATF’s decision, U THAUNG TUN, Minister of Investment and Foreign Economic Relations tweeted that FATF representatives “recognised Myanmar’s high-level political commitment to strengthening effectiveness of its anti-money laundering and financing of terrorism regime.”

U THAUNG TUN, who also chairs the Myanmar Investment Commission, added the FATF acknowledged that his government has proactively pursued numerous recommendations from the Asia-Pacific Group’s (APG) report to improve technical compliance and effectiveness.

FATF removed Myanmar from the watchlist in June 2016 based on progress made. The greylisting reflects poorly on the economic governance and reform credentials of the current civilian government.

A 2018 evaluation report from the Asia-Pacific Group on Money Laundering (APG) identified many weaknesses in Myanmar efforts to combat money

laundering. It said financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) lack understanding of high-risk issues.

The report said DNFBPs, such as casinos, accountants, lawyers, real estate agents, dealers in gemstones, hadn’t started enforcing anti-money laundering and terrorist financing controls, and raised serious concerns over the entities designated to supervise them.

This “greylist” designation will raise the cost of doing business in Myanmar. It complicates cross-border bank transfers and financial transactions. Risk-averse foreign banks may also likely stay away from the market owing to already significant reputational risks and sanction risks.

However, to say that the incumbent government has not done much on reforming the economic and corporate landscape would be incorrect. Over the past few years, the Central Bank of Myanmar, the Directorate of Investment and Company Administration and the Ministry of Planning and Finance have delivered on major reforms in improving corporate disclosure and governance, updating the regulations on banks and mandating greater beneficial ownership disclosure.

Meanwhile, some other policies, such as a tax amnesty, are not conducive to building a cleaner economy.

The government last October enforced a controversial tax amnesty for “undisclosed income” to mobilise underground and hidden assets. They hope that the money brought into the formal system could boost the economy and support the troubled real estate and banking sectors.

## Beneficial ownership

DICA has published on its website the beneficial-ownership database for the

Extractive Industries Transparency Initiative (EITI), an international effort to fight corruption in managing revenues from oil, gas and mineral extraction.

The database provides information about five state-owned economic enterprises and 158 firms in the extractive industries.

A company’s legal owners are those listed as holding shares or voting rights on its company registration. In Myanmar, like many countries, some legal owners are not the same individuals who ultimately own and/or substantially benefit from a company. These ultimate controllers or beneficiaries, termed “beneficial owners,” often remain secret.

EITI in addition requires “politically exposed persons” (PEP) - defined as someone who is or who has been entrusted with prominent public functions - to be transparent about their ownership in oil, gas and mining companies.

In a letter addressed to DICA, Yangon-based Myanmar Centre for Responsible Business (MCRB) says its study of MyCo, the official company registry, shows some local family businesses have divided shareholdings between individual children and that these will fall below a 25% beneficial ownership threshold.

In some cases either a small minority or no shares are held by the founder or father of the family business, even though it is clear that this person “exercises significant influence” over his children.

“It will be challenging for DICA to verify information, including where there are gaps in filed information about those who ‘exercise significant influence,’” said the letter.

MCRB recommends that DICA considers establishing a confidential channel of communications whereby a member of the public who believes the information on the register to be inaccurate can raise his or her concerns. •

## Credit Bureau to start operations this year

**M**YANMAR WILL start the process of disbursing loans supported with credit assessments from the Myanmar Credit Bureau by April 2020, according to a central bank official.

“The credit bureau will commence operations in late April,” said DAW THAN THAN SWE, director general of the Financial Institutions Supervision Department under the Central Bank of Myanmar, according to a report by Yangon-based paper Myanmar Times.

U ZAW LIN AUNG, chair of Myanmar Credit Bureau, said that it would take up to a year to collect sufficient and meaningful credit data on domestic companies to be provided to the banks.

A credit bureau is a company that collects and maintains individual credit information and sells it to lenders, creditors, and consumers in the form of a credit report.

This bureau will be the first one in the Southeast Asian country.

Data from the credit bureau will allow domestic and foreign banks to make informed loan decisions and strengthen risk management, U ZAW LIN AUNG said. At the same time,

individuals or businesses with good credit management will be able to receive loans more quickly.

The institution will also support the central bank by providing credit information about the whole banking industry across the country.

In December 2018, the Myanmar Credit Bureau signed an agreement with US-based Equifax New Zealand Services and Solutions for software installation, consultancy and support.

MB Investment, made up of a group of Myanmar banks, owns 60 percent of the credit bureau while Singapore’s Asia Credit Bureau Holding Co holds the remaining 40%. •



## How European companies perceive novel COVID 19 impact in Myanmar

**T**HE LACK of visibility regarding the status of the COVID 19 outbreak in Myanmar puts both local and foreign businesses under the same feeling of uncertainty. The limited number of recorded cases (a week before the end of March 2020) and the preventive measures undertaken by the government to ensure general safety will do not necessarily insulate the country from the negative impacts of the global economic turmoil.

EuroCham Myanmar has endeavoured to collect the feedback from its members and look at the business sentiment via a survey undertaken in late March. The questionnaire enabled 33 representatives of European companies in Myanmar to express their economic concerns about the outbreak and suggest how the national authorities could provide support to limit losses. More than 60% respondents claim they are already either significantly or moderately affected; Furthermore, the results revealed a more worrying perspective, as 34% of the respondents thought that the recovery from the virus strictly depends on the whole global supply chain’s dynamics. Another 51% assumed they will be able to restore within six months or less.

The major victims of the outbreak are the small and medium enterprises, with fewer than 500 employees, which believe to lose a revenue averaging from 30% to over 50%; on the other hand, large companies (500+ employees) would mitigate more the impact with a majority estimating less than 30% loss. In this regard, the automotive industry showed the biggest concerns: half of its members estimated that overall losses will be more than 50% of the revenues. The Fast-Moving Consumer Goods (FMCG), the retail and the manufacturing sectors are



also at the frontline; According to the respondents, cancellation of events and order from clients, projects delay, smart working and foreign employee leaving are among the main factors that have hindered the economic activities.

Moreover, 2/3 of the European companies surveyed reported that the impact of the preventive measures taken by the government have had little impact yet on their business and almost the same proportion forecast they will be able to cope if those measures would stiffen. Most of Western and Asian countries started to adopt stricter confining policies after Wall Street experienced its worst week since the 2008 crash and the World Health Organization (WHO)’s assessment of COVID 19 as a pandemic on March 11.

The great majority of EuroCham Myanmar members believed that the most efficient government policy responses would be (i) increasing subsidies for import/export businesses, and (ii) setting up faster import licenses and customs clearance procedures. A consistent slice of respondents took advantage of the survey to also urge the government to grant corporate tax rebate for those affected by the

economic shock; the enhancement of the domestic on-line banking system emerged as well among the priorities for the consulted stakeholders. Besides economic-oriented suggestions, the survey revealed that increasing the public awareness to prevent the spread of the virus is a crucial point. In relation to this, the adoption of tougher preventive measures would lead to a partial lockdown of the country and therefore impact significantly the labour market. This led to further suggestion from the members involved in the survey: trade unions need to support companies providing partial share of wages and cost during such a non-operational time frame. Final recommendations hinted at the adoption of a more aggressive job credit scheme, a strengthened bridging loan programme and an extension of deadlines for tax and necessary payments.

The answers provided by EuroCham Myanmar members look beyond the outbreak’s consequences. The poll offered food for thought on how EuroCham Myanmar and its members can work further with policy makers and national institutions to mitigate the impact and respond to the pandemic. •

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 and your background?**

I am HAN LIN AYE and I grew up and studied in Mandalay, gaining two degrees in Business Management and Business Law. In 2002, I started my professional career in the hospitality sector, as a waiter. This initial experience gave me the opportunity to leave Myanmar and work abroad, thus in 2003 I moved in Dubai (UAE), where I strenghted my abilities to relate with customers. After two years, my professional path brought me to Muscat (Oman), which marked an improvement in my career. There I became Outlet Operations Manager , with 3 outlets and 65 staffing under my supervision. I covered this role for 11 years. In 2015, I moved to the Maldives, working as Second in charge of Food and Beverages (F&B) in a remote-control island. The passion for F&B never left me since. In 2016, I came back to Myanmar to be employed as Senior Restaurant and Bar Manager at the European company I am currently working for.

**What is the main task of your role? And why did you strive to achieve your current position?**

As a Second Manager of F&B, I oversee 63 employees. My main aim was to come back in Myanmar to enhance the quality of life of people, and for that purpose the country really needs



**Do you speak any European languages?**

I have mainly learned English, which I have just learned on the field, listening and talking both with colleagues and guests. Moreover, I gained a basic knowledge of Italian, French and German. This kind of effort is really appreciated in my sector, it is your “business card” for clients. At the same time, I have never neglected the importance to study other Asian languages.

**Let’s move the conversation towards your interests. What do you love to do beyond your job?**

I love to collect books, I have this passion since I was a kid. My favourites are historical books and biographies, my home-library already boasts a collection of a thousand volumes. One day, my two children will discover this little treasure and draw from this wealth of knowledge. The more you read the more you get confident, and this is a useful lesson for every kind of jobs.

**Have you ever been to Europe? And what do you like from there?**

I have never been to Europe, but I am planning to do so. I certainly love the European culture, its ancient traditions and the quality of services, but I would be a liar if I do not put food at the top. You must remember that Food&Beverage is my passion! •

experts in every working fields. At the same time, I was looking to learn from the European culture and enrich my professional skills with its values. Following a long past working abroad, it was time to bring back the knowledge I gained to my country.

**What skills did you learn working with Europeans?**

Certainly the adaptability, I also gain more confidence since I am a second manager. Although I already had sharpened such talents during my jobs in UAE and Oman, I strongly suggest to every young novices that wish to undertake a career in this industry to enrich these abilities by immerging himself/herself within an European professional context.



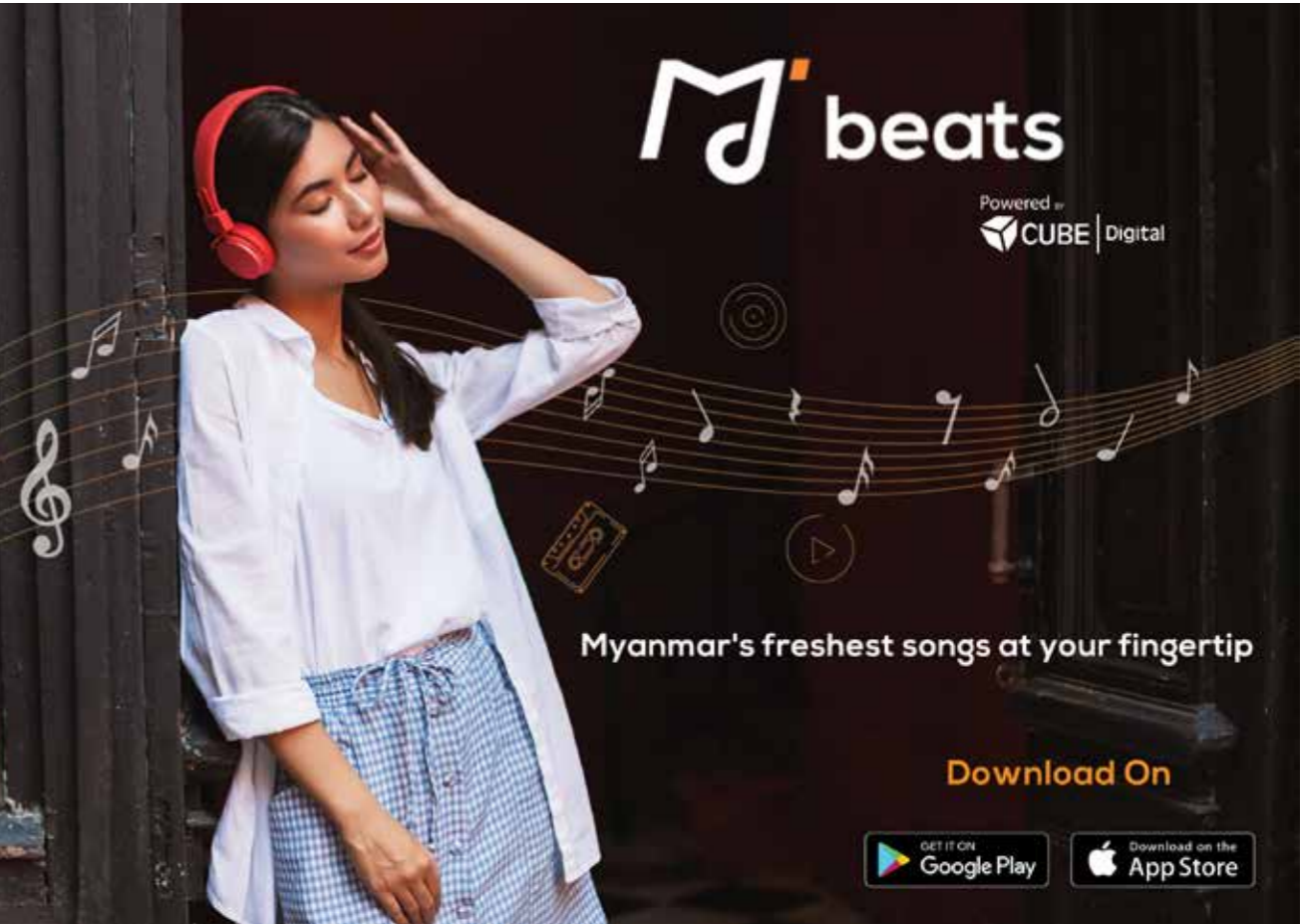
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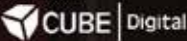


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The EuroCham Myanmar Responsible Business Initiative has been created to support sustainability, equality and environmental protection practices. This section aims to raise awareness on these key issues by highlighting sustainable initiatives from our members.

## Promoting gender equality as an employer



**I**N LIGHT of the Memorandum of Understanding (MoU) EuroCham Myanmar signed with the Business Coalition for Gender Equality (BCGE) in early February, EuroCham Myanmar's Responsible Business Initiative (EMRBI) organised a breakfast talk together with BCGE on gender equality at the workplace. The panel brought on stage DAW THUZAR WIN, Business Development Director of Alpha Power Engineering Co, MII-MII TINT KYI, Head of HR Development and Training at Total, MR MAI-LAM DONG, former Country Manager at Schneider Electric, and DAW KHIN SANDI LWIN, Leadership facilitator, former UNICEF Representative and UN Resident Coordinator, with DAW KYAWT KAY THI WIN, Country Director of the BCGE, as the moderator to share their experiences, best practices and issues faced related to this subject matter.

Gender equality is a core part of responsible business practices. The position women occupy in society has dramatically changed throughout the past decades and they play an indispensable role in our economic, social and political life. Although progress has been made in terms of

female representation in companies, more should and could be done to guarantee that women have the same opportunities at the workplace as men. But as the discussion moved forward, it appeared that gender equality is much more than the proportion of men versus women, women empowerment and sexual harassment. Workplace gender equality also includes leadership commitment and organisational culture, promoting diversity, non-discrimination and equal pay, as explained by DAW KYAWT KAY THI WIN in her presentation.

The BCGE aims to help businesses promote gender equality by focusing on advocacy, women participation in leadership, technical advisory, gender assessment tools and international gender certification. One of BCGE's programmes is Economic Dividends for Gender Equality (EDGE), the leading global assessment methodology and business certification standard for gender equality designed to help companies not only create an optimal workplace for women and men, but also benefit from it. BCGE members need to have a non-discriminatory and non-harassment policy, go through an assessment, implement at least one action and complete a workplace gender equality training.

One key finding of a study undertaken by BCGE is that in Myanmar, Indonesia and Vietnam, people value company culture more than job content. Achieving gender equality could therefore support a lowest turnover and incentivise the employees.

The challenge for companies starts as early as the recruitment stage, as explained by MII-MII TINT KYI. Especially in engineering or technical positions, more male candidacies are received than female. In this regard, DAW KHIN SANDI LWIN suggested that companies invest in engineering schools to expand their capacity to recruit more female engineers. On a broader level, the gap between male and female employees is a persistent issue, regardless of the sector or profession. Nowadays, the issue of gender balance is still hindered by traditional role divisions within households. Therefore, family support is crucial to achieve gender equality and to encourage women to move away from this conservative perspective. All panellists agreed that the perception is slowing changing within the younger generation.

DAW THUZAR WIN elaborated on the measures her organisation has taken in terms of workplace gender equality. Although Alpha Power Engineering Co used to favour the employment of men, the company has recently started a scheme with a recruitment policy that aims at welcoming more women in managerial positions.

Providing equal opportunities and treatment for women and men is becoming an increasingly relevant issue for employers in Myanmar. There are existing regulations related to workplace gender equality, such as the amended Social Security Law, which was adopted in 2012. The purpose is to promote and preserve the social needs of workers,

through among others maternity and paternity leave, while guaranteeing the same rights and salaries for both men and women.<sup>1</sup> However, current legislation never explicitly refers to gender equality, leading to a lack of awareness of the issue, both among citizens and the government. Therefore, the enforcement of national regulations is still weak and rarely applied in companies.

"We need to put our money where our mouth is," argued DAW KHIN SANDI LWIN. According to the former UN representative, companies and organisations should allocate more resources and act proactively. Businesses should not wait for government policies to be implemented, but rather build up their own gender equality for their own benefits. To ensure effectiveness, companies need to have a committed management at all levels. In that sense, Schneider Electric and Total set up their programmes. With Total Women's Initiative for Communication and Exchange (TWICE) best practices are being shared and women's career opportunities are supported whereas Schneider's Women Leadership Programme includes an equal pay policy.

MAI-LAM DONG, representing as the sole male champion on the panel, believes that diversity leads to more creativity and innovation, thereby thriving performance, which is beneficial for his company. In the past ten years, Schneider Electric has made much progress from management to top-down. Diversity, not only in terms of gender but also in terms of nationality and generation, creates more engagement. Total is following the same approach, as DAW MII-MII TINT KYI emphasised. "Gender equality is a decisive factor in terms of competitiveness, attractiveness, acceptability and capacity to innovate."

During the discussion, it came to light that unconscious bias is indeed detrimental. DAW KHIN SANDI LWIN referred to the October 2017 McKinsey report "*Women matter: Ten years of insights on gender diversity*".<sup>2</sup> The report looked at performance evaluation and found that women are judged on their

current performance, whereas men are judged on their future potential. For this reason, companies might be driven by bias, such as the assumption that when a woman is married, she would not move to another country for a job. Above all, gender equality remains a social challenge driven by cultural norms and stereotypes. As DAW KYAWT KAY THI WIN pointed out: "Men are usually seen as good decision-makers whereas women are seen as accommodating in conversations."

In that sense, companies can focus on education in order to change the mentality of their employees, especially for men to change their perspective on gender equality. DAW KHIN SANDI LWIN urged every company to address biased training because we all come from different cultures and face challenges. Unbiased training should be incorporated in every workplace and element of business cases. It is critical

“  
Gender equality is a decisive factor in terms of competitiveness, attractiveness, acceptability and capacity to innovate.  
”

to include men in the process of gender equality. By involving them in this process, men understand that having a gender equal policy is benefiting them too. It is key that they do not feel left behind or threatened, but rather, they realise they are equally affected by the inequality and they would evenly benefit from a gender equal policy in the workplace. As a matter of fact, men often do not take paternity leave, as emphasised by DAW KHIN SANDI LWIN. However, they have a role in raising children, taking care of them, and this starts with male employees being aware they have the right of a paternity leave and taking this leave. As MR DONG underlined, "working on the

behaviour of employees" is important to succeed in realising equal rights.

In Myanmar, it is tradition to favour men over women, influencing the education given and resulting in over-confidence of men and insecurities for women. DAW KHIN SANDI LWIN underlines that women judge themselves much harsher, saying "I am not ready for the promotion", whereas men feel often more confident. DAW THUZAR WIN agreed, mentioning that most of Myanmar women are afraid to be involved in negotiations or confrontations, leading to women not wanting to work upfront. This is a mind-set that should be changed with the support of the company, as women empowerment works two ways: it is a responsibility of both the employer and the employee. DAW THUZAR WIN explains that she strongly believes it is her duty to create opportunities for employees, but employees also need to embrace the opportunity offered, otherwise women empowerment will never be achieved.

A common advice from the panellists is for companies to share more widely their best practices on gender equality. This initiative will foster the development of those practices and will bring companies recognition and a better image. "Proactive communication, clearly defined responsibilities, open working environment are mandatory to have a diverse organisation," advises MII-MII TINT KYI. Businesses committed to gender equality stand to collect interesting benefits, among those an increase of the business performances, regardless of the size. Besides, gender equality not only aligns with the Sustainable Development Goals no. 5 (gender equality), 8 (decent work and economic growth) and 10 (reduced inequalities) of the United Nations but is also crucial to Myanmar's economic and social development. •

<sup>1</sup> The Republic of the Union of Myanmar, Pyidaungsu Hluttaw. (2012). The Social Security Law; Ministry of Information. (2008). Constitution of the Republic of the Union of Myanmar.

<sup>2</sup> Desvaux, G., Devillard, S., Labaye, E., Sancier-Sultan, S., Kossoff, C., de Zelicourt, A., & Barton, D. (2017). *Women Matter, Time to Accelerate: Ten Years of Insights Into Gender Diversity*. McKinsey.



## SONNY SWE: PUSHING MYANMAR'S FRONTIER

**S**ONNY SWE by accident found himself publishing a newspaper in 2000 when he co-founded The Myanmar Times – the first Myanmar-foreign joint venture in the country's media industry.

The media pioneer could boast more than a quarter of a century of experience in the industry. But he paid a high price for his love of media and freedom of expression. From 2004 to 2013, he was sentenced to jail for 14 years and spent eight and a half years behind bars as a political prisoner following a media crackdown. But all those years of detention did little to cure his addiction.

Soon after being released, SONNY jumped back into the publishing world and joined the Mizzima Media Group. He then founded Frontier Myanmar Magazine and Black Knight Media Co and has been Frontier's CEO since then.

Frontier Myanmar this year launched a membership programme to support its high-quality reporting and ensure its editorial independence and financial sustainability. Members will have access to a range of products, from the daily briefings and media monitoring in newsletters to Frontier Live events.

In addition, premium members will receive two newsletters every weekday, including a "Daily Briefing" of key news and analysis and a "Media Monitor" featuring the translation of front-page headlines from the best-selling local newspapers, and also media monitors on business and investment, conflict and security, China-Myanmar relations, including the China-Myanmar Economic Corridor as bespoke media monitoring products on request.

As SONNY witnesses the fall of advertising revenue, he is confident that the "membership model" could be the way forward. The media guru believes his outlet has designed a revenue model that can succeed in the Myanmar market and become an important source of revenue to maintain its journalistic work.

Frontier's membership programme arrived at a time when there is rising domestic and international interest not only in

investigative reporting but also in a whole range of business and economic journalism.

As Myanmar emerged out of decades of isolation, media outlets have gradually stepped up their coverage on economic policies, investment activities and company behaviours, including tax and donations. Media scrutiny is increasing in light of new corporate disclosure regulations, growing international investments and the UN Independent Fact-finding Mission report in August 2019. UN investigators called on investors to cut ties with military businesses and exposed the risks of opaque company donations made to government bodies.

Serious challenges - in the form of lawsuits, self-censorship and advertising pressure - remain for journalists who aspire to investigate and report, while government officials have yet to understand the role of the media in Myanmar's transition.

Effective capital markets depend on trust in public companies and financial institutions, and one way to build trust is through corporate transparency and quality media reporting, according to the independent Myanmar Centre for Responsible Business (MCRB). This means companies need to disclose accurate information to enable journalists to do their job.

In recent years, Myanmar's corporate disclosure obligations have scaled up as a slew of regulations were implemented. These include new requirements under the Investment Law, the Companies Law and Central Bank directives, as well as continuous disclosure obligations on unlisted public companies with more than 100 shareholders issued by the Securities and Exchange Commission of Myanmar. Investors also have a legal duty to publish their Environmental Impact Assessment reports.

The Directorate of Investment and Company Administration (DICA) last year launched Myanmar's first official company registry MyCo, providing a level of corporate information not available in the country before, and has enforced new beneficial ownership transparency.



These regulations and initiatives represent a window of opportunity for journalists, and those specialising in the political economy, to report accurately on corporate activities, including business operations, company links to government officials and the donations made.

The reporting in turn allows European and other investors and civil society doing due diligence to trace financial flows and identify connections and patterns. For example, legal ownership details of companies are now available through the company extracts which could be purchased for K10,000 from the MyCo database.

These developments are all fresh and new to journalists based in Myanmar. Traditionally, reporting on companies focuses on reporting uncritically on their charitable donations. Limited reporting on corruption and business is also a consequence of fear of prosecution, particularly under Section 66(d) of the Telecoms Law.

Freedom of Expression Myanmar published a study on the use of 66(d) and found that 10% of complainants from November 2015 to November 2017 were business-related.

Press freedom directly relates to economic relations between Myanmar and the European Union. The release of two Reuters reporters last year might help ease tensions with the European Commission in the ongoing dialogue of whether Myanmar could keep its trade privileges, according to senior business leaders in Yangon.

Despite some progress made, government transparency and corporate disclosure still have a long way to go. Notably, the Myanmar Investment Commission has still failed to systematically release any materials on its website prior to approving investment proposals.

These failures, critics say, have exacerbated the “trust deficit” between business, government and the public, potentially leaving communities in the dark about how projects may affect their livelihoods.

In the absence of government disclosure of company activities, it is up to businesses to be transparent and engage with the media and other stakeholders.

But many companies in Myanmar are still not transparent. 108 out of 248 Myanmar companies surveyed in the MCRB 2019 Pwint Thit Sa report have no disclosure of information at all. This makes media reporting difficult, if not impossible.

Many other issues are at stake beyond disclosure. Why should local and European corporate executives care about press freedom? How should business work with journalists? What is the role of the media in Myanmar’s transition to democracy?

In Belmond Governor’s Residence, SONNY SWE sat down with **EuroMatters** to share his thoughts on all these pressing issues.

**You co-founded The Myanmar Times, which is celebrating their 20<sup>th</sup> anniversary this year. Subsequently, you set up Frontier Myanmar. Could you tell us your journey as a Myanmar media guru?**

**SONNY SWE** • It has been a very interesting journey and a bit of a rollercoaster ride so far. But I always take it as a challenge and I always see very positively, because back in the 2000 there was no press freedom at all. Every single story was very heavily censored at that time. Now we have a lot more freedom and can write about sensitive issues. That’s the positive side of 2020.

Back in 2000, you knew exactly where the line was, and you couldn’t cross that line. Now, the line is invisible and it’s always a risk for us. We, in Frontier, follow our gut feelings and I guess this is the best way.

We always wait and see what the political weather is. For instance, this week, we can push the freedom level to seven or eight stories. But next week might be on a different level.

In terms of the current press freedom, we are happy editorially. But of commercial success, it’s much more difficult. It was much easier to be commercially successful in 2000 than now.

**What has motivated you to stay in the media industry all these years?**

**SS** • I’m a production guy. I love printing, I love photography. Back 1997, I accidentally got the project to print a regional newspaper for the government called the Mandalay Daily Newspaper, for the Mandalay City Development Committee. I did that for a year and a half. I didn’t know how difficult it would be. I took the project and then I started the project. It turned out to be really challenging to even become a printer for a daily newspaper.

Deadlines and pressure really pushed me to become a better person and also that really polished me. I have no room, no time to be lazy.



“ You can hate the media but you just can’t stay away from the media. ”

So, just like that, I have kept on pushing myself. I fell in love with publishing from that point onwards. My dream was that one day I will have my own publication.

And, that’s how I founded The Myanmar Times in the year 2004 with my then-Australian business partner.

**Frontier Myanmar has launched the membership programme, including two daily briefing services and media monitoring. What are the business rationales behind these initiatives?**

**SS** • What I’ve learnt is that the game nowadays has changed. I combined my extensive experience with my old school way of doing things to build the magazine business plan. In the past, it was very simple. You form a team. If you have a good team, you have good content and if your production is good, you get loads of advertising and that’s how the business model used to be.

But now, technology has obviously taken over our industry. Two years ago, I was very angry with the tech giants. Then I learned that technology is good if I can somehow embrace it. If I can be packaged by content, then I can basically create a different revenue stream, which is from changing the model from an ad-based revenue model into a reader-based revenue model. That’s exactly what we did.

**This trend is not only happening in Myanmar. It’s also happening in Europe. We see the decline in advertising revenue among a lot of traditional media outlets and newspapers.**

**SS** • We are keeping the print version as much as we can. I bet you will see a lot of new online media popping up all the time. In our industry, if you do not have a print version, people sort of look down on you. As an example, you introduce yourself and say, “Hi, [I’m from] Frontier Myanmar”, “Okay Frontier Myanmar,” would be their reply. Then if I take out a magazine and present it to them, they will be more approachable and their reply to you is like “Oh wow, you can do something like this in Myanmar?” It’s really a good prestige to have a print version of your news. And another thing is I adore the smell of paper in English, it turns me on as I am old school. It’s difficult to operate it but our idea is to keep the print going.

**What is the current media landscape right now? And what are the challenges in running a news or media outlet in the country?**

**SS** • My answer for the first question would be that it’s very wrong time to be in the media business. That’s the most straightforward answer from me because we have tonnes of challenges. The old challenges remain, but on top of them, we are encountering new ones.

Let’s talk about what the old challenges are.

Firstly, for print media, revenue generating has always been one of the biggest challenges.

Secondly, access to information is still strenuous for journalists.

Thirdly, Human Resources is another one as it’s very difficult to acquire qualified journalists in the Myanmar market. What we are doing now is we basically train them.

Fourthly, the rise of digital platforms poses a new challenge. What is happening now is because of the evolution of technology, people have stopped reading newspapers. Facebook is everything in Myanmar. They have this conception that what they read on Facebook must be true which means that they will raise the question “Why should I spend x amount of kyats to buy a print copy, because I read this last night on Facebook?”

The trust between the journalists and the audience is the fifth challenge. That trust has waned compared to 15 years ago. Journalists were quite influential then. Now a lot of audiences view journalists as spies, i.e. untrustworthy people who are selling information to foreign countries.

This sort of problem exists in the online environment, there are those who are trolling and it is working, in a way they sway people’s opinions.

Because of these old and new factors, it’s always dangerous for journalists to operate safely.

The final challenge that we are facing would be the private media development in this country. It’s not there anymore. If the government is not supporting private media development, it is difficult to survive.

**How do you see the role of the media in Myanmar’s triple transition - in peace, politics and economics?**

**SS** • There is this phrase that I’ve been telling everyone, from the private sector to government officials, which is “You don’t [necessarily] have to love the media. You can hate the media, but you just can’t stay away from the media.” This means that you have to continue cooperating with the media, because the minute you completely ignore the existence of the media, it will be a problem.

It will be very challenging in terms of those triple areas [in the transition] where the media plays a vital role. Especially for Frontier Myanmar, the role that we are playing is that we are the window of the country. A foreigner who doesn’t know about Myanmar can read our publication and then understand what’s going on. This is the role that we play.

In addition, we think that it’s extremely crucial for us to be part of the democratic transition. Our role is a serious one.



However, earning the trust is a different story. Our job is to be a gatekeeper. We try to screen what is fake news; what is real news. Then our responsibility is to report what is actually taking place.

**Why should corporate executives and investors in Myanmar care about media freedom? In what ways do media outlets share the same civic space as businesses?**

**SS** • That’s a great question. This is what I’ve been saying wherever I go. A lot of people assume that media freedom is only for those working in the media industry. I believe that media freedom is for every living individual on Earth. The reason for that is because media freedom is linked to all of you.

Without press freedom, without media freedom, how can we survive? How can we record the truth? Everybody must know the truth and from animal conservation to environmental issues to business, corruption, and to policies, we cannot report the truth without press freedom. It’s salient to have 100 percent press freedom, and that is what we are fighting for every day.

Business and media are two peas in a pod because without businesses, how can the media survive? Without responsible and accountable media, how can businesses survive in a level-playing field? The answer is that we are all in the same boat and it’s vital to have media freedom so that all businesses can operate ethically in a transparent manner.

**Many businesses depend on proper media reporting for due diligence, not just corruption but everyday due diligence doing in Myanmar, they look for government policies, and what they can take out.**

**In recent years, there have been huge improvements in some areas of transparency. For example, Myanmar now has the first official company registry, thanks to the new Companies Law. But, overall information disclosure of many major companies remains extremely low. How do the lack of corporate disclosure by Myanmar companies and the way local public relations industry operates affect journalists to report accurately on both company behaviours and on the economy overall?**

**SS** • Access to information still remains a challenge. If you look at big corporations or the government ministries they have appointed so-called “press officers” but then when you actually call their numbers, often nobody will pick it up or they will give the answer “Sorry, I cannot answer this, I might have to pass it upstairs [to the superiors].”

The short answer is that the lack of disclosure and the way companies operate still present a challenge. These are areas which need progress.



But I see that, in comparison to 10 years ago, companies are becoming more and more transparent now in terms of taxation and how much revenue they have.

In my opinion, things have improved a lot and we're on the right track. But this also means that we have to keep pushing on this front. The corporate community must understand that they need to be much more transparent than the current level.

Overall, regarding corporate transparency and media access to that information, I'm pleased to see that we are at least taking baby steps in the right direction.

**Do businesses, advertisers and PR agents in Myanmar understand how the media works? Are you concerned about clickbait fake news websites and advertising pressure?**

**SS** • Some of them don't understand this matter. It would be great if everybody could understand the importance of the press and how the media works. We are facing a lot of challenges in terms of dealing with business owners. Some people are scared to encounter us like "Oh a journalist, I don't want to talk to them." Others would react like "Your role is like this level [under me], so don't even come [and approach]."

Again, things are improving in a way and I see that it is going in the right direction. But, because of the rise of technology, the country has shrunk - what I mean is that we know exactly what is happening in Chin State, Karen State and Shan State. We are a lot more responsible in terms of reporting. People who have a lot of things to hide would be very scared to speak to the

media. But, if you are an international company, if you are well-educated, or if you grew up in the West, it's much easier to deal with the media.

The majority of the people [when they encounter the media] would say something along the line like "Stay away!" "Oh, SONNY is coming, change the topic." This is seriously happening, even among my friends like "Oh SONNY is coming, just shut up." They are joking but these jokes have an air of seriousness.

**How do you see a company responsibly working with journalists and how do you see the relationship between business and the media?**

**SS** • This is what I've been telling all my colleagues. Because we are the media, we don't have to go above [feel superior], we don't have to beg anyone. We are all equal. So, you don't have to censor the reporting. Sometimes we go into the press conferences and then the Minister will say like, "I'm the minister. You're gonna listen to what I have to say." This sounds like lecturing.

We don't believe in this attitude. All the business owners or the government officials or whoever is dealing with us should treat us as equals. The reason for that is nobody is higher than us and nobody is lower than us. Media should be considered as a colleague. You don't have to be friendly. Act normal to the media and say whatever you have to say, and then the media will do their job. There's an old way of thinking like, "because I'm the minister, you're gonna have to listen to." I don't like that tone.

“  
Business and media are  
two peas in a pod because  
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”

A lot of people still see us as whistleblowers. We are not. Whistleblowers are whistleblowers. We still need to raise awareness on this distinction. My suggestion on how to react to the media would be to treat us as equals and do so professionally.

**Harassment of journalists is widespread in this country and is sometimes carried out directly by companies. What is your message to the business community on this?**

**One of the problems here is that some companies when they see reporting which is critical or perhaps factually inaccurate, they would very quickly jump the gun and threaten the reporters with lawsuits. From the media's perspective, is that the right way? How should they be dealing with journalists they see as critical or even reporting inaccurately?**

**SS** • Nobody deserves harassment, not even journalists. Nobody deserves [to face those] risks. When you start to threaten someone, that's a negative thing to do. I would like to reiterate the importance of being open, normal, and constructive.

I understand that companies have the right to get upset with someone, right? As a journalist, as the media, we always try to reveal the truth. But we sometimes question "What is the truth?" The definition of the truth is always complicated. Because the truth sometimes has two sides. If you look at your side, your view, you're correct. If you look at it from the other side, it may be right too.

Therefore, our responsibility is to basically cover both sides or even more - there can be three or four different angles that we have to look at and then report according to the way we see it.

When you're upset and whenever emotion gets involved, it's a dangerous call. My suggestion would be to sleep on it. If you wake up the next morning with that degree of anger or worry or whatever, then you think about the next move.

But some people cannot handle that and they would react instantly and make a phone call. They'll sound very angry and criticise during the call. This is always dangerous, even though we are in some ways used to these phone calls

I always tell my team when they receive such phone calls to reply "I will look into it." I also always tell my team to double and even triple check the facts again.

Myanmar's community is small, especially Yangon. The whole business circle is made up of my friends. Commercial department has lost a lot of clients because of the stories that we reported. But this is our practice and I always stand by the editorial side. Because the credibility that we built takes years. I would rather have another client. Finding another client is much easier than building your credibility.

The business community should also understand that they have to be a lot more transparent so that we don't have to test the water. For example, if I have an exclusive interview with the CEO or the founder of a company, then we don't have to go through all the difficulties of verifying the corporate information. •

*This interview has been edited for length and clarity.*



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.

# A success that stretches back to 1996

**S**WISS TRADING company DKSH has over one and a half centuries of experience in helping companies grow their business in Asia.

With its strong Swiss heritage and long business tradition since 1865, the Zürich-headquartered firm made an entry into Myanmar more than 23 years ago, providing quality products to patients and consumers.

ANKUR PANDEY, DKSH Myanmar's Vice President (Healthcare), talked to **EuroMatters** about the Swiss firm's success story in the Southeast Asian country.

"The journey so far has been exciting for DKSH Myanmar and we are recognised as one of the key service providers of quality products in Myanmar," he said. "Many global and regional companies have trusted us with managing their businesses in Myanmar."

With over 3000 specialists on the ground, the company is leading the way in Myanmar's consumer goods, healthcare, technology, performance materials and field marketing development. Reliability, professionalism and compliance standards have defined DKSH's services and led the firm to become the leading Market Expansion Services provider in the Southeast Asian country.

For MR PANDEY, the Myanmar market is unique and has been evolving rapidly over the past five to six years.

"Positive changes in the last two years include growth in domestic consumption, demand for high-quality medicines and consumer products, expansion of private hospitals and increased focus on healthcare by the government [led by State Counsellor DAW AUNG SAN SUU KYI]," he explained.

DKSH has witnessed a steady growth in all of the three segments in the healthcare industry - prescription pharmaceuticals, over-the-counter and medical devices - with growth in the latter two higher than prescription pharma.

In addition, the emergence of chain pharmacies and their following Good Pharmacy Practice (GPP) bode well for Myanmar, particularly for consumers in the country.

"With the recent entry of many private health insurance companies and with the insurance sector opening up to foreign providers and joint ventures, it presents a good opportunity for Myanmar," the executive said.

The Financial Regulatory Department, in November 2019, awarded licences to five foreign providers and half a dozen joint ventures to operate in the Myanmar market, marking the country's first-ever licencing to foreign fully-owned insurers.

More significantly, DKSH, along with three Japanese companies, were authorised to do retail and/ or wholesale business in Myanmar last year.

Toyota Group's trading arm Toyota Tsusho, pharmaceutical firm Otsuka and diaper manufacturer Mycare Unicharm are allowed to operate wholesale business as a 100% foreign-owned business by the commerce ministry. DKSH is permitted to do both retail and wholesale activities as a foreign company.

"With this [licence] we are now in complete control of our value chain vertically, which has an added advantage to the business and our business partners with transactions getting streamlined," MR PANDEY explained.

The Swiss company thus became among the first non-Myanmar entities to secure a greenlight since the government moved to partially open up the retail and wholesale market in 2017. The Myanmar Investment Commission issued the List of Restricted Activities No. 15/2017 in April 2017, which allowed foreign businesses to invest in retail and wholesale without restriction. It took the Ministry of Commerce over one year to follow up with a directive.

A 2017 US Department of Commerce report estimated Myanmar's retail sector to be valued at US\$10-12 billion, or roughly 15% of the GDP, with strong short and mid-term growth projections.



As a frontier market, the difficulties of operating in Myanmar are similar to those in other developing and emerging economies. Affordability, infrastructure, the cost of maintaining a high-quality and service-oriented organisation and out of pocket healthcare expenditures are some of the key challenges.

Unfair commercial practices are also bad for investors.

"Competition is always good for the business and it should not be seen as a challenge. But at times if competition is not at a level-playing field, then it becomes a challenge," said MR PANDEY.

Meanwhile, many organisations planning to grow their Myanmar business find it hard to switch service providers, as they need to secure a No Objection Letter (NOL). This, he continues, has added to the difficulties for businesses to expand, grow and provide better services.

DKSH's tips about succeeding in this country is to "go for the long game."

"The market is evolving and still in an early phase of development. It has a lot of growth opportunities but it will take time to reach the stage where many other Asian markets are today,"

MR PANDEY said, adding that a short-term strategy does not work.

His other advice? Have a basket of products tailored to local requirements. "The basket should have a good mix of primary, specialty and niche products. Pricing and distribution are important elements because of Myanmar's vast demographics and varied geography."

The last key is to choose the right business partner. "A partner which has strong local experience and talents with global quality and compliance standards will be pivotal in helping companies grow their business sustainably in Myanmar," MR PANDEY concluded. •

## DIGITAL INNOVATION

# Online services gain ground as Myanmar moves to digital economy



**T**HE UNPRECEDENTED growth of Myanmar's digital economy is a defining success story that has shaped the country's development and way of life in recent years. Areas such as e-commerce, mobile banking, ride-hailing applications and online platforms have not only seen massive foreign direct investment commitments, but also improved the quality of life and widened access to information and services for millions of people across the country.

In the commercial capital of Yangon, one of the biggest changes under the National League for Democracy-led

government is the entry of ride-sharing service companies.

Singapore-based Grab has invested over US\$100 million in Myanmar in the past four years to strengthen its position on the local taxi market, a senior company official told the local Myanmar Times recently.

Grab entered the Yangon market in mid-2017 and has since introduced Grab Taxi Call service and Grab Food. In 2018, it launched Grab Thone Bane (three-wheeler) services in Mandalay city.

For sure, Myanmar's leapfrog in the telecommunication industry from no smartphones in 2013 to a smartphone

penetration of 80% has brought tremendous economic growth.

MARDY LAUWERYSSEN, general manager at Cube Digital, pointed to the example of Grab and Uber, the latter of which sold its Myanmar businesses to Grab.

"Prior to their entry, pricing on any of the trips had to be bargained. Now, Grab has put a standard pricing based on the journey distance, educated its drivers on how to read maps and keep their cabs clean and is providing training on what good services mean in the industry," she told **EuroMatters**.

The success of Grab is followed by entrants such as Oway, Get ride, Fast Go

and OK Taxi, offering more competitive services for consumers.

"The Myanmar population, at least in the four big cities, now enjoy lower fares, shorter travel time and better security that comes with monitored travel" commented **Ms Lauwerysen**.

## E-commerce

Online shopping in Myanmar cities is picking up momentum. The leading player is Shop.com.mm, an online platform which provides digital shopping across a variety of products to customers.

Alibaba acquired Shop in 2018, and soon began introducing new technologies to offer better user experiences with features such as a personalised product feeds, instant messaging and seller recommendations.

Meanwhile, a domestic start-up is determined to promote economic inclusion by empowering local sellers and merchants.

BarLoLo.com (BarLoLo), a Yangon-headquartered online marketplace, offers individuals and business owners an avenue to buy and sell items in an easy and efficient way. It focuses on creating a platform which works for small merchants in local communities and especially those living in second and third-tier cities.

The company says its mission is about connecting Myanmar merchants with buyers across the country by technology, thereby extending the reach of those small merchants. This approach is particularly in line with the government's vision of supporting e-commerce to create jobs and boost consumption and trade.

"As larger format foreign players continue to enter Myanmar's retail market, it is becoming more and more

essential for small local merchants to have the capacity to extend their channels to online," chief operating officer U MIN MIN told **EuroMatters**.

Another start-up Ezay, has set up a mobile platform for customers to buy stock from wholesalers as well as arrange for delivery of items online, removing the need for rural retailers to physically travel to shops. It secured a six-digit investment from Emerging Markets Myanmar, a Yangon-based investment firm.

## Online platforms

JobNet.com.mm, a Myanmar online job portal and recruitment technology platform, has been successful in the Myanmar market. According to its managing director MATT DE LUCA, JobNet has seen an increase in the growth of online job applications, signalling the steady transition of the job market from traditional offline media such as newspapers or agencies to the web.

"This is mostly due to the inherent convenience that a platform such as JobNet provides to its users, be it more transparency or access to more and easily searchable information about jobs and companies that most people didn't know existed - a very important aspect of a 'well functioning' talent market," he said.

JobNet has been focused on optimising the online platform for matching white-collar candidates with the best companies and MR DE LUCA said he is pleased to have scaled it to a dominant position and significant size, processing over 150,000 applications per month.

"I believe the whole digital ecosystem reinforces itself, meaning the proliferation of new e-commerce, mobile banking, online food delivery and other digital products all help shape

users' expectations and their tendency to expect online experiences to their once offline-serviced needs," he told **EuroMatters**.

Apart from growing supply of digital services, agritech startup Impact Terra also sees a continued growth in domestic demand.

ERWIN SIKMA, a Dutch national, has lived in Myanmar since 2013 and experienced the telecom and internet boom from the start. He founded several technology businesses such as online marketplaces and a social business in agriculture.

He said since more consumers are connected to the internet via their mobile phones, the demand for digital services and for more advanced services are on the rise.

"Data usage per person is also growing. Digital literacy is steadily improving although from a low base," he told **EuroMatters**. "There is [also] a clear demand from the government's cabinet, ministries and dedicated committees for a digital vision and strategy implementation."

The Myanmar government is in the process of digitalising some of its services as well as putting information online, such as the electronic company registry MyCo, launched in 2019.

The most notable for the private sector is the partial digitalisation of the services provided by the Directorate of Investment and Company Administration (DICA), according to MR SIKMA.

## Consumer awareness

In terms of digital literacy education, however, he said there is still limited traction as it is a major effort that requires a country-wide strategy and focused implementation.



For **MARDY LAUWERYSSEN** of Cube Digital, the company is able to bring local music to subscribers across the country via its music application and telecoms operators.

Telecoms providers have a massive following in the population. For example, state-owned MPT has 23 million subscribers, Norwegian Telenor has more than 18 million users as of May 2019 while Ooredoo has 10 million.

The key challenge is not the number of consumers but consumer readiness.

A recently released white paper by the Posts and Telecommunications Department which says Myanmar “is probably constrained by its relatively low level of adult literacy and its large rural population.”

**MS LAUWERYSSEN** agrees with the observation and says a greater push in implementing digital education

programmes in schools would be needed.

Another challenge that Cube Digital faces is the language barrier. Local consumers prefer content in the local language, hence all services from transportation to delivery to entertainment must come up with a product in Myanmar language.

“It has been made easier last year by the enforcement of Unicode, but it remains a challenge mostly while trying to reach the rural areas. In some areas, Burmese is not even the predominant language,” **MS LAUWERYSSEN** commented.

Global Technology chairman **U SHANE THU AUNG** highlighted that Myanmar’s National Broadband Action Plan aligns with Geneva-based International Telecommunication Union’s broadband goal 2020, which refers to the aim of providing fibre

connection to every household in major cities before venturing into rural areas.

Since broadband is an essential utility to many people these days, **U SHANE THU AUNG** said a quarter of the households in Myanmar would relocate to secure quality broadband.

The use of broadband in daily lives is increasingly important and is related to improving access to education and skills training, getting additional income and enabling businesses and work to be done at home, he added.

**U SHANE THU AUNG** attributed Myanmar’s low broadband penetration to the “lack of interest to make the right digital policy” from the regulators and authorities, frequent changes in the regulatory framework and charges from the regional governments.

He said that access to gigabit-speed internet for public schools and

universities through the government’s Universal Service Fund - which provides basic telecoms services in rural areas that remain underserved - have to be accelerated in order to improve the education opportunities. Affordable and reliable broadband will boost digital skills inclusion and all sorts of digital services.

Internet shutdown

The top challenge for investors in Myanmar’s digital economy is the ongoing government-imposed internet shutdown in northern Rakhine and Chin states, for which EuroCham Myanmar has expressed its concerns last year.

In early February, the government ordered telecoms companies to reimpose an internet shutdown in parts of conflict-torn western Myanmar despite criticism by the UN, businesses and civil society.

The areas in question - Rakhine’s Maungdaw, Buthidaung, Rathedaung and Myebon and Chin’s Paletwa townships - were previously under an internet ban from June to August 2019. The five townships now join Ponnagyun, Mrauk-U, Kyauktaw and Minbya townships where there has been an ongoing blackout for many months.

The ministry’s permanent secretary **U SOE THEIN** told local media at the time of the first shutdown that the restriction was to “maintain the stability and law and order in these areas” following clashes between the Tatmadaw and the Arakan Army, an ethnic Rakhine rebel group.

Removing internet access has endangered the lives and safety of local communities and internally displaced people (IDPs), aid agencies and NGOs have warned. It has also added to the difficulties for communities to access digital payment systems, undermining

their ability to send and receive remittances and money transfer.

In July 2019, EuroCham Myanmar and four European business chambers based in Yangon issued a joint statement urging the Myanmar authorities to restore internet access.

The statement warns of the “possible reputational impact in the international community and view of Myanmar as a responsible investment destination” being wrought by the suspension.

Despite the challenges, the growth in the digital economy is expected to continue and more government-services are set to go online. Notably, the government has launched a “project bank” website that is changing the way infrastructure programmes are planned, determined and funded. The initiative is a sure sign that Myanmar is committed to catching up with the rest of the world in the digital space. •



DIGITAL INNOVATION

# Managing Myanmar’s digital economy: from Facebook to IP reforms



**F**OR MANY people in Myanmar, Facebook is the internet: It's so dominant that it is used not only as a social media platform but also as a search engine and communication channel. The social media giant is a huge part of civil, public and private life, and the Myanmar government uses it to disseminate information to the public.

Anyone who resides in Yangon is familiar with the fact that ministries announce policies and the national parliament uploads their bills and laws on Facebook. For consumer brands, digital marketing in the Southeast Asian country means Facebook marketing.

More than 21 million of Myanmar's 50 million people are Facebook users, according to one estimate.

"Overall, Facebook has spread like wildfire [in Myanmar] very early on, contributing to the digitisation of communications and unquestionably completely redefined how businesses and consumers find each other. Unfortunately, the concurrent and unmoderated spread of fake news and increase of people's time on the platform has had a questionable effect on productivity," said MATT DE LUCA of JobNet.com.mm, a Myanmar online job portal and recruitment technology platform.

He foresees a decrease of usage at some point in the near future, as a gradually more mature digital-user base will shift its preferences and hopefully choose to invest their time in more productive ways.

"Since arriving here in early 2015, I have been a strong advocate of one particular notion on the topic of online education. Never before in the history of Myanmar have its people had access to the collective of the world's knowledge, at its fingertips and virtually for free," said MR DE LUCA.

In particular, the transfer of knowledge used to be transactional, meaning one had to either be told something they didn't know by a teacher or read it from a book. With Google and other sites, knowledge is accessible by anyone anywhere. This could potentially overhaul the way of learning in the country.

The question is how long it will take for online self-study to become a widely adopted practice, MR DE LUCA observed.

Meanwhile, the lack of digital literacy means online hate speech, disinformation and misinformation could easily get a foothold in the Southeast Asian country.

Two years ago, a UN Human Rights Council-authorised investigation warned that the social media giant had played a role in spreading hate speech in the country, specifically in the run-up and aftermath of the Rohingya crisis in August 2017.

MARZUKI DARUSMAN, who chairs the UN Independent International Fact-Finding Mission on Myanmar, told reporters in 2018 that social media had played a "determining role" in Myanmar.

"It has (...) substantively contributed to the level of acrimony and dissension and conflict, if you will, within the public. Hate speech is certainly of course a part of that. As far as the Myanmar situation is concerned, social media is Facebook, and Facebook is social media," he commented.

Myanmar is expected to hold its general elections towards the end of this year, and social media is bound to play a big part in disseminating news and information.

The problem of dis/misinformation and malicious speech is because the social media firm cannot properly regulate its content, commented Impact Terra CEO ERWIN SIKMA. This has a huge impact on businesses and consumers as well.

"The platform is particularly well-equipped for sharing unstructured information and photo and video content but has very limited capabilities to provide other types of services such as structured information-sharing, e-commerce, payments etc.

"We see many interactions and services being delivered via this platform, ranging from product sales, such as small shops selling their products in posts, to even investments being facilitated, like in Bitcoin," he explained.

As the platform is not built for these services and has no resources made available to monitor or moderate, significant issues are arising with respect to fraud, illegal product sales and tax evasion, besides the well-known data privacy issues.

MR SIKMA warned that this risks leading to Myanmar consumers not being protected and scammed, thereby reducing the people's trust in digital services as a whole. He urged the Myanmar government and key stakeholders to take swift action to protect consumers.

Others are working to diversify away from relying solely on Facebook for sales and marketing purposes.

MARDY LAUWERYSSEN, general manager at Cube Digital, explained her firm is working to educate consumers to the world outside social media platforms through its music application and other applications that are in the pipeline.



The biggest data driver in Myanmar is still the social media followed by other entertainment platforms like music, video and games.

“I believe that as the digital economy grows, we will begin to see better use of the internet and we will start to move away from the belief that ‘Facebook is the internet in Myanmar,’” MS LAUWERYSSEN told **EuroMatters**.

For U SHANE THU AUNG, chairman of Global Technology Co, digital transformation is taking place faster than what policymakers and lawmakers can react to. Hence there is a need to catch up with the right laws and regulations in terms of data residency, data classification and privacy.

He warned that recent tensions between Western countries and Myanmar have pushed the Southeast Asian country towards China and this development bode ill for Myanmar’s approach in regulating the digital economy.

He said the reliance on informal social media platforms to communicate

among officials and discuss government decisions is unstructured and carries a high risk of leaks.

Myanmar’s central bank should also update its regulations and guidelines to better support financial institutions, mobile financial service operators and banks to move ahead with digital banking, U SHANE THU AUNG added.

Last but not least, the lack of intellectual property (IP) protection regime has been a common complaint of investors in Myanmar and a barrier in attracting more foreign investments.

“Adequate protection of IP is not only essential for foreign investments in many sectors, it is also the necessary basis for the transfer of technology and know-how required for the modernisation of Myanmar’s industry and the country’s social and economic development,” said Luther Law Firm.

Until 2019, Myanmar was not even mentioned in the Intellectual Property Rights Index of the Property Rights Alliance. But the country is making a lot of progress, and the last year has seen

several IP legislations being passed, namely the Trademark Law, Industrial Design Law, Patent Law and Copyright Law.

Prior to the legal reform, Myanmar had no formal trademark registration system and investors had to rely on common law principles and colonial-era laws to protect their IP, according to Luther. The new IP laws will provide a solid basis in compliance with international agreements, particularly the Agreement on Trade-Related Aspects of Intellectual Property Rights, which sets out a minimum standard of IP protection to be provided by all member states.

The law firm added that this long-awaited IP protection regime reform will attract international market leaders with established brands and encourage domestic creativity growth and brand cultivation. It will also enhance consumer safety through the prevention and combating of counterfeit and illicit products.

“While the enactment of the new IP laws is an important step in the



country’s progress towards an IP regime in line with international standards, the implementation will take time,” Luther told **EuroMatters**. New registers are currently being established, and it is expected that the registration of trademarks will become possible by the middle of 2020.

In addition, comprehensive protection of IP rights will also require the establishment of specialised IP courts as well as the training of judges and other staff working in the industry.

When it comes to privacy, one particular concern arose when the government initiated a tender for a biometric database for mobile phone users. People in Myanmar will be required to give their biometric data, including thumbprints, when buying SIM cards under a controversial government plan to store private information on a central database.

A tender document issued in 2019 invites bids for a “national database to store and manage biometric mobile subscriber registration information from all mobile network operators in Myanmar.”

The biometric information includes at least a person’s name, both thumbprints, identity type, identity number and scan of identity card, the document says. It may also contain the father’s name, date of birth and street address.

The Posts and Telecommunications Department (PTD) under the Ministry of Transport and Communications is responsible for the tender.

The PTD says in the document that it “intends to build a national database capturing biometric subscriber registration information of every mobile network user” to “ensure proper and secure registration of mobile network users and to prevent any malicious use of mobile networks.”

Myanmar has no laws on privacy protection, and hence personal data is not legally protected from state access.

Privacy International, a UK-based campaign group, has written to the authorities to express its concerns.

“We are writing to express concerns and request urgent clarification regarding current plans for a ‘common database’ requiring biometric identification from people wishing to register a SIM card, as reported in The Myanmar Times on 5 December 2019,” read the letter signed by senior policy officer LUCY PURDON and addressed to PTD Head of Spectrum Management, DAW SEINT SEINT AYE.

According to London-based Privacy International, the PTD replied to its letter saying it was “preparing all the necessary legal framework for biometric registration of SIM cards”. It added: “We will take all the possible risks into account regarding that issue.” •





## EVENTS ON REVIEW

ONE OF EuroCham Myanmar's strengths is its ability to bring its members and partners to regularly meet with KRISTIAN SCHMIDT, EU Ambassador to Myanmar, to share and discuss the current economic and political situation in Myanmar. Hosted at the Grand Mercure Golden Empire Yangon hotel, the last edition was also an occasion for the EU delegation and European business community operating in the country to better understand how to cooperate.

On that occasion, Ambassador KRISTIAN SCHMIDT shed light mainly on the overall level of bilateral trade between the EU and Myanmar, the new implications for the General Scheme of Preferences (GSP) and an overview on the outcome of the next election, taking in account the International Court of Justice (ICJ)'s decision to condemn the country for human rights' violation.

The ambassador highlighted that GSP further entails a "green dimension" of trade, a useful tendency that aims at leading Myanmar towards a sustainable path of doing business. Such a transition would be perfectly in line with the sustainable goals of Brussels, which strives to become a global leader of the circular economy by becoming a carbon-neutral continent by 2050. The sustainable framework of the GSP is a key condition for the EU to support Myanmar on its route towards a democratic transition and a prosperous socio-economic development.

Guiding Myanmar towards a sustainable economic path is part of the EU delegation's broader mandate in the country:

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**YANGON**

## Breakfast Talk with EU Ambassador to Myanmar

enhance the cooperation in Myanmar as a member of ASEAN. The core concept of regional integration is to create a win-win situation that might benefit all the actors involved; the geographical advantageous position of Myanmar, bordering with five countries and being the bridge between India and China, could enable the country to play a pivotal role within ASEAN and strengthen the EU's partnership with the Regional Economic Community.

In this regard, the EU has been seeking to negotiate a bilateral Investment Protection Agreement with Myanmar since 2014. The purpose of the pact would benefit both the political actors by granting security for investors and increase the level of European FDI in the country. The EU has always declared to be strongly committed to cooperate with the national authorities, the private sector and the civil society in order to favor the best possible regulatory environment for stakeholders.

The second part of the event gave voice to all Advocacy Groups' co-chairs, who shared their views on what developments and challenges they saw in their respective industries. During the sector update, participants also had the chance to find synergies in their advocacy efforts for a better regulatory framework. During his conclusion, Ambassador SCHMIDT thanked EuroCham Myanmar members and leaders for improving the business climate for the greater common good. •



# 2020 WHAT'S ON

In this section, the most notable events of the upcoming quarter are highlighted. In light of the global outbreak of Covid-19 and as preventive measures, EuroCham Myanmar is postponing all events planned in April.

The events in May and June are still on as the magazine is printed but please check the latest information on [eurocham-myanmar.org](http://eurocham-myanmar.org) as the situation can evolve by then. We thank you for your understanding and your continuous support.

More information on our website:  
[eurocham-myanmar.org/events/upcoming](http://eurocham-myanmar.org/events/upcoming)

## Europe Day celebration

Europe Day is internationally marked each year on 9 May. In Myanmar, this event is traditionally celebrated with an official reception in Naypyidaw with government and parliament representatives.

For more information please visit [eeas.europa.eu/delegations/myanmar-burma\\_en](http://eeas.europa.eu/delegations/myanmar-burma_en) and <http://www.facebook.com/EUinMyanmar>.

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07 MAY  
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## Inauguration EuroCham Myanmar new premises at Times City

EuroCham Myanmar is pleased to invite you to inaugurate its new office at Times city. The event will start with a tour of the premises, followed by networking moment before continuing with a dinner.


This event will be by invitation.

## Joint European chambers networking event

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 6th edition of Joint European Chambers Networking event. This event offers you the opportunity to make connections and expand your business network beyond your regular circle.

As we expect a high turnout for this event, registrations are mandatory and will be closed once we have reached capacity, after which a waiting list will be implemented.

To register, please reach [eurocham-myanmar.org](http://eurocham-myanmar.org) or the other European chambers event pages.



## MYANMAR-EU ECONOMIC FORUM

3<sup>rd</sup> JUNE 2020, KEMPINSKI HOTEL, NAY PYI TAW

### SAVE THE DATE

# 03 JUN

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NAYPYIDAW

## The 4<sup>th</sup> Myanmar-EU Economic Forum

The 4th edition of the Myanmar-EU economic forum will take place in Nay Pyi Taw, gathering policymakers from the Myanmar government and European business representatives to interact and debate key business and trade issues. Over 500 guests are expected to attend, representing political and business interests from Europe and Myanmar. For 1 day, discussions will revolve around the economic development of Myanmar and current business initiatives, trade affairs and European investment, and address challenges and opportunities in key sectors.

For more information and to register, please visit EuroCham's website.

MAY  
YANGON

## EMRBI Breakfast talk on the role of businesses in the biodiversity capital

In May, the Responsible Business Initiative will be back with its quarterly Breakfast Talk. Previously, EMRBI conferences covered topics such as Air Pollution, Private Sector Collaboration with Not-for-profits in Sustainable Business and Gender Equality in the workplace. This time, discussions will revolve around how business practices might cohabit with Biodiversity. In this regard, the talk will gather the World Wild Fund for Nature (WWF) and Flora&Fauna to define the important role businesses can play and how they can benefit from to tackle issues as deforestation, wildlife protection and development of the renewable energetic sector in Myanmar. Furthermore, the meeting will be an occasion to better define the concept of "Sustainable Finance". Alongside WWF and Flora&Fauna, the panel will be composed of private sector representatives to testify about initiatives undertaken and the government to find out how those practices can be supported.

Stay tuned on [eurocham-myanmar.org](http://eurocham-myanmar.org) for more details on the event!

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## Legal & Tax Breakfast talk

In June, the Legal & Tax advocacy group will host a breakfast talk on a hot legal or tax topic in Myanmar. Those talks are organised on a quarterly basis and bring clarity and concrete steps to understand the recent reforms. The talks gathered experts alongside government representatives to discuss how businesses can comply with the normative framework.

Stay tuned for more details on the event!



Thank you to our  
partner members

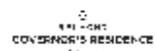
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## Myanmar and Asia in Focus



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.



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