



CO-FUNDED BY



IMPLEMENTED BY





EUROPEAN CHAMBER OF COMMERCE IN MYANMAR

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

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

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

Please contact us for further information and support.

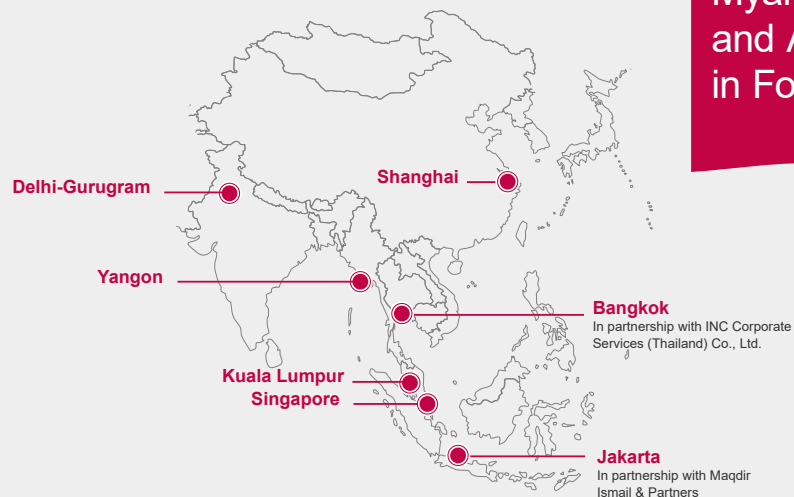
Yangon, November 2019



This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of EuroCham Myanmar and can in no way be taken to reflect the views of the European Union.

Luther.

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.



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

CONTENTS

1. Country Overview - Myanmar	9
1.1 Macroeconomic Overview	9
1.2 The Myanmar Consumer	13
1.2.1 Population by Age Groups	13
1.2.2 Monthly Income and Expenditure Breakdown	13
1.3 Sub-Sector Analysis	15
1.3.1 Food & Beverage	15
1.3.2 Personal Care and Household Care	20
1.3.3 Consumer Electronics	21
1.3.4 Fashion & Apparel	22
1.4 Retail and Distribution	24
1.4.1 Traditional vs. Modern Retail	24
1.4.2 E-commerce Overview	26
2. Foreign Investments	28
3. Myanmar Foreign Investment Regulatory Landscape	30
3.1 General Legal / Investment Structure Information	30
3.1.1 Myanmar Investment Law	30
3.1.2 Myanmar Investment Commission	32
3.1.3 Myanmar Companies Law	32
3.2 Consumer Goods-Related Rules and Regulations	33
3.2.1 Notification 25/2018 and the Opening Of Retail and Wholesale	33
3.2.2 Consumer Protection Law	33
3.2.3 Activities Prohibited to Foreign Investors	33
3.2.4 Activities Permitted Only via Joint Venture	34
4. Challenges and Outlook	35
4.1 Challenges	35
4.2 Outlook	37
5. Industry Contacts Information	39
5.1 Government Offices	39
5.2 Other Relevant Associations	41
6. References	42

FIGURES

Figure 1	Myanmar's Nominal GDP and GDP Growth Rates	9
Figure 2	Industry Growth Contribution by Sector	10
Figure 3	Myanmar's Total Population	11
Figure 4	GDP and Demographic Trend by States and Regions	12
Figure 5	Population by Age Groups	13
Figure 6	Comparison of Average Monthly Income Distribution between 2016 and 2022	14
Figure 7	Myanmar vs. Thailand - Total Average Costumer Spending	14
Figure 8	Market Entry Timeline - Key international Beverage Brands	17
Figure 9	Factory Launch Timeline - Key International Food Brands	18
Figure 10	Market Entry Timeline - Key International Quick Service Brands	19
Figure 11	Key Consumer Electronics Brands in Myanmar	21
Figure 12	Fashion Retail Brands in Myanmar	22
Figure 13	Yangon Retail Supply Stock: Gross Leasable Area	23
Figure 14	Yangon Retail Occupancy and Take-up Rate	23
Figure 15	Product Offering Overview of Major E-commerce Players	26
Figure 16	Myanmar Consumers - Financial Instrument Usage	27
Figure 17	Plastic Awareness Campaigns by International Brands	38

TABLES

Table 1	Macroeconomic Benchmarking – ASEAN	10
Table 2	Chronology of Foreign Consumer Goods Investments in Myanmar	28
Table 3	Myanmar Investment Law - Key Regulatory Amendments	31
Table 4	Consumer Goods-Related Rules and Regulation	32
Table 5	Activities Permitted for Joint Ventures	34

ACRONYMS

ASEAN	Association of Southeast Asian Nations
CAGR	Compounded Annual Growth Rate
CSO	Central Statistical Organisation
CMGC	Creation Myanmar Group of Companies
CMHL	City Mart Holdings Limited
EAC	Europe & Asia Commercial Company
EU	European Union
F&B	Food and Beverage
F&N	Fraser and Neave
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IFC	International Finance Corporation
IMF	International Monetary Fund
JV	Joint Venture
KFC	Kentucky Fried Chicken
MBL	Myanmar Brewery Limited
MEHL	Myanmar Economic Holdings Limited
MIC	Myanmar Investment Commission
MIL	Myanmar Investment Law
SEZ	Special Economic Zones
SMI	Singapore Myanmar Investco
YSH	Yoma Strategic Holdings



The voice of European business
in Myanmar

ADVOCACY

BUSINESS SERVICES

EVENTS

European Chamber of Commerce in Myanmar

271–273 Bagayar Street
Sanchaung Tsp, Yangon, Myanmar



+95 9 45058 2335



info@eurocham-myanmar.org



www.eurocham-myanmar.org



eurocham.myanmar



eurocham-myanmar



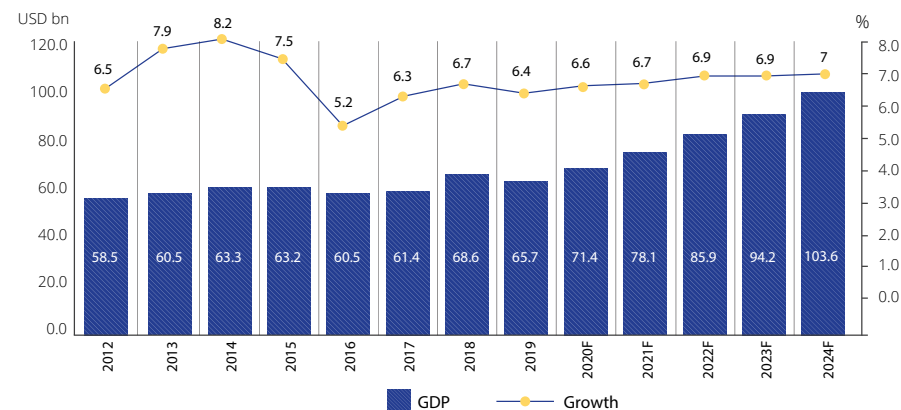
EuroChamMyanmar

1 COUNTRY OVERVIEW MYANMAR

1.1 MACROECONOMIC OVERVIEW

Myanmar is the second largest country in Southeast Asia in terms of land area at 676,578 square kilometres, and the fifth largest country in the region in terms of population with a size of 53 million as of 2019, estimated to grow to 54.7 million by 2024¹. The neighboring countries of China, India, Bangladesh, Thailand and Laos, account for approximately 40% of the global population and approximately 20% of the global gross domestic product (GDP). Strategically located between China and India, with vast natural resources and a large coastline, Myanmar is expected to have the highest GDP growth rate at 7.0% till 2024 among the ASEAN countries and holds significant potential as a regional player, which remained largely untapped during almost five decades of economic isolation under a debilitating military rule.

Figure 1: Myanmar's Nominal GDP (USD billion) and GDP Growth Rates (2012–2024F)



Source: IMF-World Economic Outlook Database, 2019

A series of economic and political reforms were started by the quasi-civilian government since March 2011, attracting foreign investment into the market. There was a slight decrease in growth rate in 2015, which has since recovered and is expected to stabilise in the next five years.

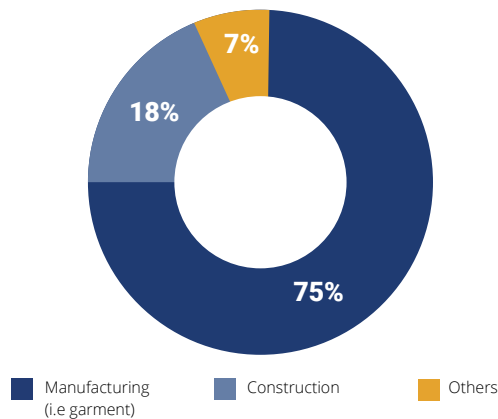
Table 1: Macroeconomic Benchmarking – ASEAN

	Population 2018 (mn)	Current GDP 2018 (USD bn)	GDP / Capita 2018 (USD)	GDP Growth (2018-2024)
Indonesia	261.9	1,022.4	3,870.6	5.2%
Philippines	106.6	330.8	3,103.6	6.6%
Vietnam	94.6	241.2	2,551.1	6.6%
Thailand	67.8	487.2	7,187.2	3.6%
Myanmar	52.8	68.6	1,297.7	6.8%
Malaysia	32.4	354.3	10,941.8	4.8%
Cambodia	16.2	24.5	1,508.8	6.6%
Laos	6.8	18.4	2,720.3	6.7%
Singapore	5.6	361.1	64,041.4	2.6%

Source: IMF-World Economic Outlook Database, 2019

With the further relaxation of regulations for foreign investment in Myanmar, a renewed sense of business optimism led to an influx of foreign firms and strong manufacturing led economic growth, primarily driven by foreign direct investment (FDI). Myanmar, being one of the last accessible frontier markets in the world, is experiencing an accelerated pace of development, similar to economic transformations experienced by its Asian peers such as Thailand and Vietnam.

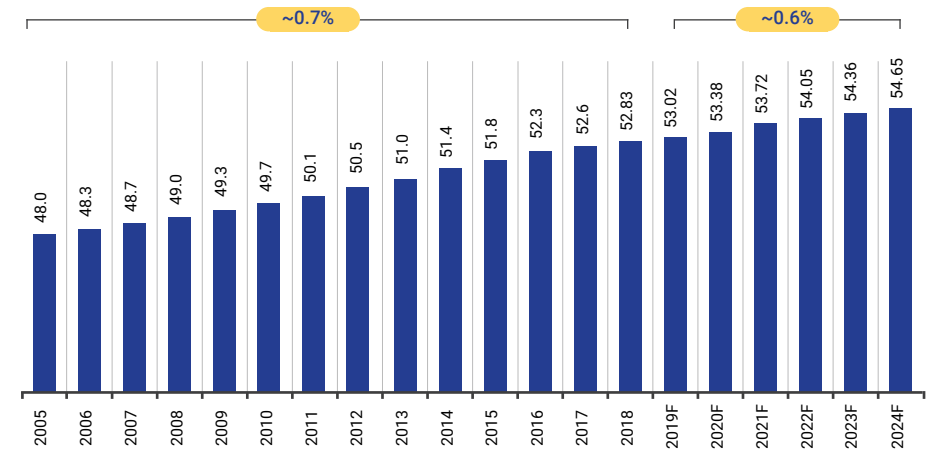
Figure 2: Industry Growth Contribution by Sector



Source: Asian Development Bank, 2019



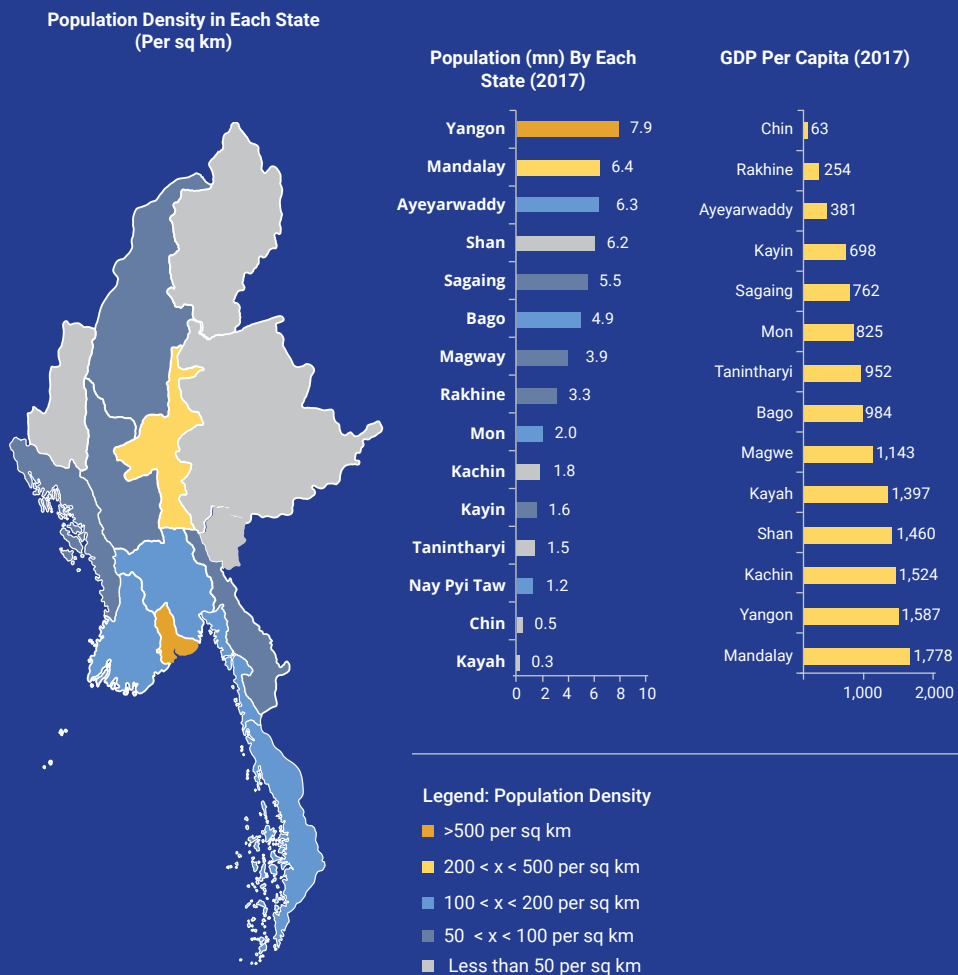
Figure 3: Myanmar's Total Population 2005-2024F (in million)



Source: IMF-World Economic Outlook Database, 2019

Myanmar's population as of 2019 is estimated to be 53 million with age groups below 24 years accounting for ~45% of the population. As the commercial centre of Myanmar, Yangon accounts for the highest population density in the country and approximately 15% of Myanmar's population at 7.9 million people with approximately 700 people per square kilometer (sq km).

Figure 4: GDP and Demographic Trend by States and Regions



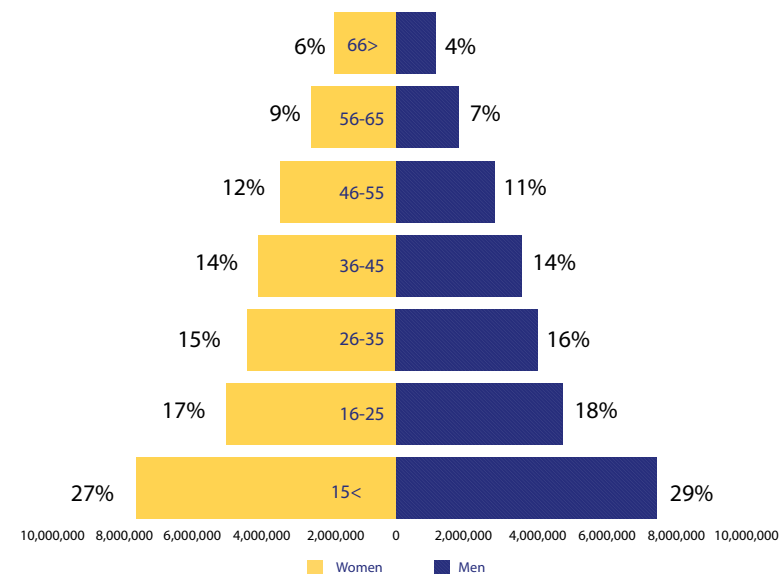
Source: Central Statistical Organisation, Myanmar Development Institute, 2019

1.2 THE MYANMAR CONSUMER

1.2.1 POPULATION BY AGE GROUPS

Myanmar's population as of 2019 is estimated to be 53 million with the 16-25 and the 26-35 age groups accounting for over one third of the populationⁱⁱ. These age groups together represent a young and aspiring workforce with increasing purchasing power and growing affinity for international brands. Following closely are the 36-45 and the 46-55 age groups contributing 14% and 11% of the population respectively.

Figure 5: Population by Age Groups

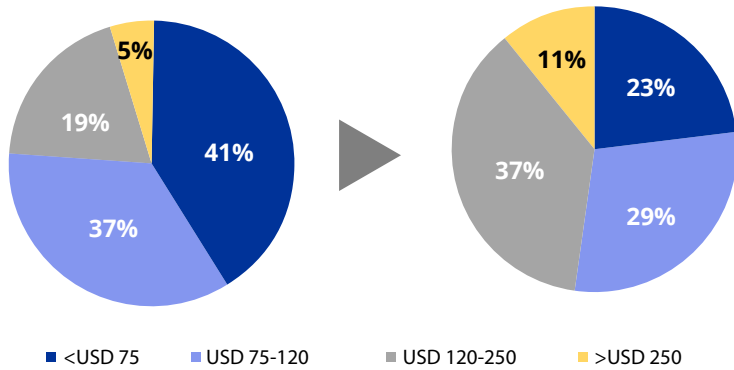


Source: World Population Review, 2019

1.2.2 MONTHLY INCOME AND EXPENDITURE BREAKDOWN

In 2016, only 24% of the population earned more than USD 120 per month with bulk of the population (>50%) being employed in the under-industrialised agriculture sector. However, as foreign investment grows, this share is expected to increase to 48% by 2022 driven by rising income and employment opportunities in the service and manufacturing sectors.

Figure 6: Comparison of Average Monthly Income Distribution Between 2016 and 2022

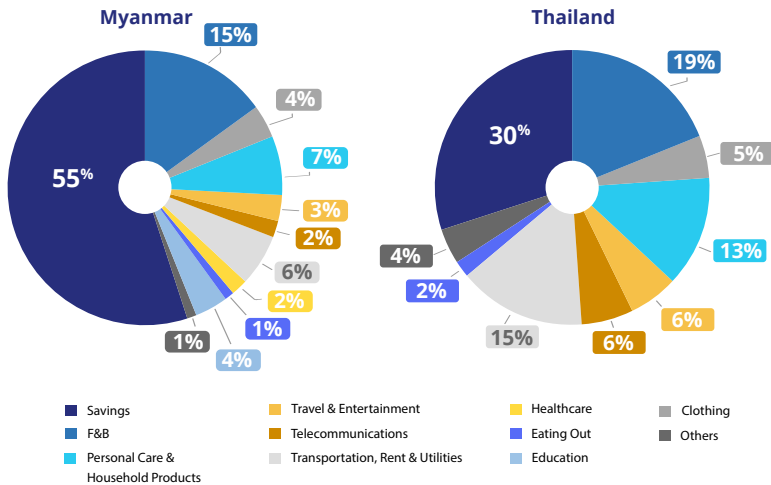


Source: YCP Solidiance Analysis, 2018

Myanmar citizens are traditionally a savings and investment-oriented population. An average personal income in Myanmar is approximately one-fifth of Thailand's average income. However, while a Thai consumer spends an estimated 70% of their monthly average income, a typical Burmese spends only 45% and saves the remaining 55%. Given a lack of any other financial instruments in the country, Myanmar people tend to invest in hard assets such as gold and properties. Additionally, cash is often accumulated at home for emergency and contingency plans.

Unlike Thailand, healthcare and education are two additional key expenditures for average Myanmar consumers, as these areas are not subsidised by the Myanmar Government or supported by social schemes. Hence, the Myanmar people rely almost entirely on personal savings given the lack of sufficient awareness and availability of health insurance historically.

Figure 7: Myanmar vs. Thailand - Total Average Consumer Spending (2018)



Source: YCP Solidiance Analysis, 2018

1.3 SUB-SECTOR ANALYSIS

1.3.1 FOOD & BEVERAGE

Myanmar's thriving economy, rising middle class and a young population present many untapped opportunities in the food and beverage (F&B) sector. It is the largest subsector in Myanmar in terms of consumer spending, accounting for 15% of the average consumer spending. In order to cater to the untapped consumer demand, many international players entered Myanmar in recent years, initially importing products to Myanmar and gradually expanding their operations to food processing and packaging, beverage manufacturing and quick service restaurant segments. The Myanmar packaged F&B market is estimated to be worth USD 5 billion by 2020 compared to approximately USD 3 billion in 2018, presenting significant growth opportunities for international brandsⁱⁱⁱ.

In 2015, Dutch beer giant Heineken together with its joint venture (JV) partner APB Alliance Brewery launched a USD 60 million brewery in a bid to tap into a high-growth potential beer market in Myanmar^{iv}. In the same year, upon the completion of its USD 70 million factory in Myanmar, Danish brewer Carlsberg launched three brands: Carlsberg, Tuborg and Yoma. The most dominant local player is Myanmar Brewery Limited (MBL). It has been producing, distributing and selling the brands Myanmar Beer and Andaman Gold for over 20 years and owns almost 80% of the Myanmar beer market^v. Japan-based Kirin Holdings acquired a 55% stake in MBL in 2015 to capture the large market share and leverage on its expertise. Kirin Holdings subsequently launched a locally produced Kirin Ichiban brand in 2016. In late 2017, Kirin also invested USD 4.3 million for a 51% stake in Myanmar Economic Holdings Limited owned Mandalay Brewery, the brewer of Mandalay Lager Beer, Mandalay Strong Beer and Mandalay Spirulina Beer^{vi}. A new player entering the Myanmar beer market is Emerald Brewery, a JV between Singapore's Fraser and Neave (F&N) and an affiliate of Myanmar's Shwe Than Lwin. F&N's capital investment of USD 70 million has been deployed towards a brewery, launched in October 2019, as well as to enhance sales, distribution and marketing of Thailand's Chang beer in Myanmar^{vii}. The brewery will deliver an annual beer production capacity of 500,000 hectolitres. F&N has already established some of its brands in Myanmar including 100Plus, the Teapot, a range of dairy products, and F&N sparkling drinks. Hence, competition is intensifying in Myanmar's beer segment with multiple established and new brands entering the market to challenge the dominant market share held by the incumbent MBL-Kirin JV.



The soft drinks segment on the other hand remains highly fragmented with multiple product segments and brands. Carbonates and juices are the largest category followed by energy drinks. Local player Loi Hein, manufacturer of Alpine water, Blue Mountain soft drink and Shark energy drink entered into a JV with the Japanese Asahi Group in 2014 with plans to introduce Asahi's brand Calpis, an uncarbonated soft drink^{xiii}. Asahi invested approximately USD 22 million to acquire a controlling 51% share in the JV. In April 2019, the Asahi-Loi Hein JV was also awarded a wholesale trading license by the Ministry of Commerce, reflecting their plans for further expansion^x. The Coca-Cola Company became one of the first U.S. companies to be awarded an investment permit under Myanmar's Foreign Investment Law (today's Myanmar Investment Law) since the sanctions were lifted^x. Since their launch in 2013, Coca-Cola has invested approximately USD 200 million in a bottling plant, as well as the installation of a hot fill manufacturing process. Coca-Cola currently produces Coca-Cola, Coke Zero, Minute Maid Refresh drink, Heaven & Earth Ice Tea and Aquarius sports drink in Myanmar. Another U.S. soft drink brands, Pepsi was brought back to Myanmar in 2014 when South Korea's Lotte Chilsung Beverage formed a JV with Myanmar Golden Star Beverage to bottle and distribute soft drink products including Pepsi, 7-Up and Mirinda^{xi}.

Japanese probiotic drinks maker Yakult established a USD 47 million factory in 2016 in the Thilawa Special Economic Zone (SEZ) to produce locally made Yakult fermented milk drinks. While the initial focus will be on Yangon-based consumers, Yakult also plans to expand in major cities such as Mandalay, Nay Pyi Taw, Taunggyi and Mawlamyine with a target to cover the whole country in five years^{xii}. Yakult's main competitor, Singapore-based probiotic drink brand Vitagen, was also introduced to the Myanmar market a year earlier in 2015. Vitagen positions itself as Singapore's number one milk brand while Yakult focuses on its Japanese origins when engaging with consumers.



Energy drinks are also starting to gain popularity among the Myanmar people, especially among the younger population. The Myanmar energy drinks market is dominated by many brands imported from Thailand. Some of the brands available are Red Bull, Shark, Carabao, M-150, Speed, Burn, Hype, Rocker, Asia's Lion and Asia's Fire Dragon.

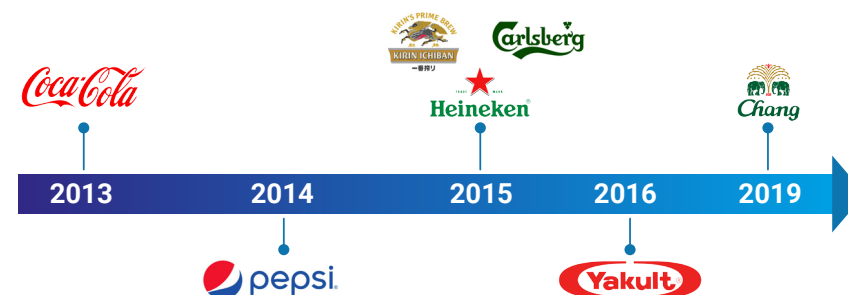
A rise in the number and popularity of competitive events such as the Yoma Yangon International Marathon, Pocari Sweat Run Myanmar or the 100Plus Active Run, supported by an increasing penetration of gyms has led to an uptake in the demand for sports and energy drinks in the country. However, the demand remains primarily concentrated in the Tier 1 cities of Yangon and Mandalay.

Myanmar people have been tea lovers for centuries and the country is also well-known for its tea shops. There are approximately 8,900 hectares of tea plantation across Myanmar and with an abundance of tea production, it is one of the most valuable food and beverage commodity for exports. In September 2019, 52 tons of tea were exported to China alone^{xiii}.

Despite the availability of foreign tea brands in modern retail stores, local brands are still widely preferred across households and teashops.

Foreign food and beverage brands are also increasingly setting up factories in Myanmar for further localisation of their products. Nestlé is a familiar international brand for Myanmar consumers. In 2018, Nestlé launched its USD 25 million factory in the Dagon Industrial Zone to manufacture Nescafé, Milo and Bear Brands that were previously imported from Thailand, Vietnam, Malaysia and Philippines, where Nestlé's regional factories are located. The six key brands that Nestlé has selected for investment and expansion are Nescafé, Milo, Bear Brand, Lactogen, Maggi and Cerelac.

Figure 8: Market Entry Timeline – Key International Beverage Brands

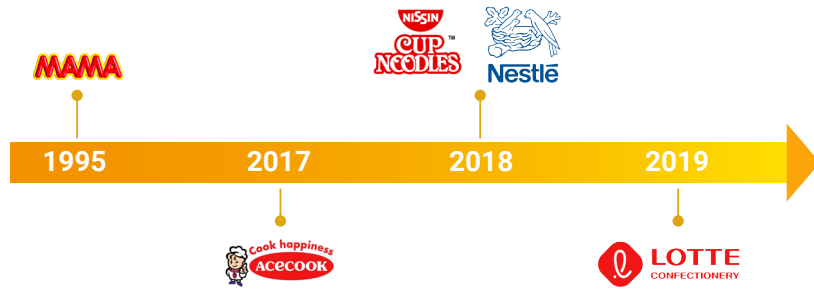


Meanwhile in the instant noodle market segment, Sar Taw Kal Nissin Co, a JV between Japan's Nissin and Myanmar's leading flour milling firm, Lluvia Limited launched two types of local flavor instant noodle packs under the brand name Wah-Lah in August 2018. With the instant noodle market remaining highly price competitive, Wah-Lah has priced each pack at MMK 200 to MMK 300 (equivalent to USD 13 cents to USD 20 cents) to be seen as more affordable than other imported brands. Another Japanese instant noodle maker that entered Myanmar is Acecook Co. Ltd. with a USD 20 million investment to establish a factory in the Thilawa SEZ in 2017. Acecook introduced three new instant noodles specifically made for Myanmar consumers under the brand name "Yoe-Yar" which means "tradition" in Burmese^{xiv}. The instant noodle market is currently dominated by locally produced brands such as "Yum Yum", a local Myanmar brand operational since 1997 and "Mama" noodles, a Thai brand that was first introduced in 1995.

According to estimates from the World Instant Noodles Association, instant noodle sales in Myanmar totaled 590 million packages in 2017, ranking number 17th in the world^{xv}.

South Korean conglomerate Lotte made a recent entry into Myanmar's food industry by acquiring 80% of L&M Mayson for USD 69.2 million, which dominates the cake and confectionery segment^{xvi}. Founded in 1996 with three factories, L&M Mayson now has twelve branches, ten distribution departments and an extensive sales network. L&M's bread, cake and confectionery products include: Good Morning bread, Morning Sun, Smile, Monte, Garden, Amico, Fresko, Voila and Bonjour. Lotte's confectionery products such as Pepero, Choco Pie and Custard are already available in supermarket shelves.

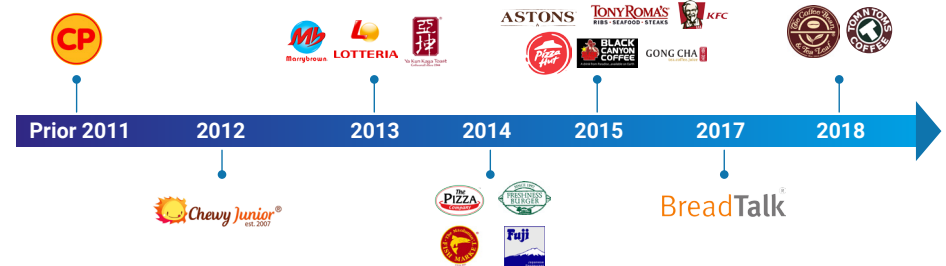
Figure 9: Factory Launch Timeline – Key International Food Brands



In the F&B service segment, traditional fast food stalls operated by small and independent street vendors and small teashops or restaurants continue to dominate. However, with rising urbanisation, increasing consumer spending power and changing lifestyles of Myanmar people, the demand for high-quality fast food restaurants has been on the rise. Franchising from an internationally well-known quick service brand has been seen as a reliable market entry strategy, with the rapid expansion of the fast-food-chain Kentucky Fried Chicken (KFC) in Myanmar, highlighting opportunities for investors. KFC's first store was opened in Myanmar in July 2015 by a local franchisee, Singapore-listed Yoma Strategic Holdings (YSH). In four years, Yoma has opened 26 KFC branches covering Yangon, Mandalay, Taunggyi, Monywa, Bago and Pyay. With a positive outlook driven by increasing consumer spending, YSH aims to reach 70 KFC stores across the country by the fiscal year 2023-24^{xvii}.

However, the first entrant was the South Korean fast food brand Lotteria, which had entered Myanmar in 2013, and currently operates 24 outlets in Yangon, Mandalay, Mawlamyine and Monywa. While Asian brands dominate the quick service entities in Myanmar, Singapore in particular has dominated investment from Asian brands with multiple chains such as Chewy Junior, Pasta Mania, Manhattan Fish Market, Aston's, Yakun, Crystal Jade and The Coffee Bean & Tea Leaf. A recent Singaporean brand that was introduced to Myanmar is BreadTalk, franchised by Myanmar Bakery Co., a member of the ShweTaung Group. BreadTalk currently operates four outlets with a target to open eight more outlets in the near future^{xviii}.

Figure 10: Market Entry Timeline – Key International Quick Service Brands





1.3.2 PERSONAL CARE AND HOUSEHOLD CARE

After F&B, personal care and household care products are the second most purchased items by a typical Myanmar consumer. The growth for skincare, hygiene care and haircare products are primarily driven by increased sophistication among female consumers. As there are limited choices offered by domestic products and brands, major international brands with high product differentiation represent a large share of this sector. In 2017, Unilever formed a JV with the local company - Europe & Asia Commercial Company (EAC) Ltd to build on its local operations and facilitate a higher rural penetration. As for the latter, international brands have started adopting a localisation strategy which incorporates the traditional Myanmar sun protection paste Tanakha into their products. A good example is seen in Nivea when it launched the Tanakha scent roll-on in early 2019. However, price remains a key driver in capturing the lower-end of the market.

The toothpaste market is dominated by few big players such as Colgate, produced by Colgate-Palmolive Co., Ltd, as well as The Signal and 3D brands by Unilever and EAC. In order to capture a bigger market share, Colgate-Palmolive acquired the local toothpaste brand Laser from Shwe Aye YarNadi in 2014. Other local brands include Fresh Up manufactured by MIT Corporation and Best-T manufactured by United Beauty Palace, which account for a much smaller market share.

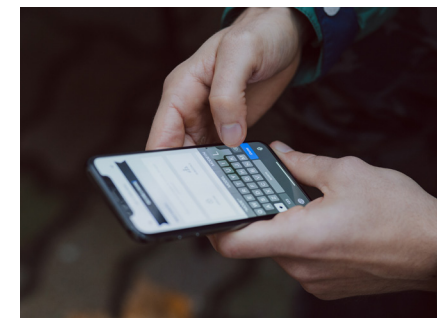
The bath and shower products segment in Myanmar is led by imported products from Thailand. Local manufacturers mainly produce bar soaps while liquid type of soaps is primarily imported under international brands. Shwe Wah is the most famous local bar soap brand in Myanmar, produced by different manufacturers such as First Top, Pan Cherry and Myat Golden Global. Laundry care and bleach are the largest category in the homcare segment, accounting for approximately 70% of the segment sales in 2013. The sales volume was estimated to be doubled to USD 204 million in 2018^{xxix}.

Penetration of powder and cream type detergent has been increasing in the last few years driven by increasing production by key local manufacturers such as EAC, ShweThazin, Swam MyatPaing, United Pacific, and Sin Sein Ho. To gain market share with a localised product, Unilever & EAC also introduced a new Tanakha scent detergent E.co and a familycare brand soap. Swiss Distributor DKSH launched an innovation center in June 2019 that will act as a local strategic partner for personal care and household care innovation and formulation development to help brands better differentiate products and gain market share^{xxx}.

1.3.3 CONSUMER ELECTRONICS

When it comes to electronics, Myanmar consumers view the purchase as an investment, aiming for long-term usage. Electronics are used until they become unfixable, or the old ones are handed down to relatives or friends in need. Myanmar women in general aim to use electronics such as TVs, refrigerators and washing machines for more than ten years, often exceeding the recommended average usage period. While durability is a key factor, a lack of awareness on new models and new features is a key reason for limited electronics upgrades in households. Thus, having a strong customer engagement and support centre or after-sales service is vital in gaining trust and building reputation in the Myanmar market. South Korean-based Samsung, with its long-standing presence in Myanmar, has a widespread network of customer service centres across Yangon, Mandalay, Monywa, Nay Pyi Taw and Patheingyi.

On the other hand, demand for air conditioners in Myanmar has grown from 80,000 units in 2012 to over 206,000 units in 2016, supported by a growth in the construction sector. The Myanmar construction industry is anticipated to grow rapidly in the next five years, at an annual average rate of 10.4% to an estimated value of USD 13.5 billion in 2020^{xxxi}. Furthermore, overall improved economic condition and increased electrification in regions outside of Yangon and Mandalay present a promising outlook for the consumer electronic appliances demand in other regions of Myanmar.



The telecom sector liberalisation in 2014 and the availability of affordable smartphones has contributed to a sharp increase in mobile phone usage across the country with Myanmar moving from no phones to smartphones in a few years. The usage rate increased to over 110% in 2019 from 86.2% in 2016 while the number of mobile subscribers reached over 56.8 million in FY 2017-18, adding over 500,000 new subscribers compared to FY 2016-17^{xxxi}. To succeed in a country of approximately 53 million people, smartphone makers compete based on price. New comers to the mobile market (i.e. China's Huawei, Xiaomi, Oppo and Vivo) are competing aggressively with Samsung, which is positioned in a more medium- to high-end segment. According to the Myanmar Online Advertising Survey in 2017, Samsung stood as a market leader of Myanmar's smartphone market with 31%, followed by Huawei with 27%, Xiaomi with 18% and Vivo with 12%, while the iPhone owned 8% due to its premium pricing. Convinced on the growth prospects in the Myanmar mobile market, Vietnamese technology corporation Bkav partnered with Vietnamese telecom operator, MyTel to launch its new Bphone3 smartphone. The company has planned to set up sales points in nearly 100 Mytel stores nationwide^{xxxiii}.

Figure 11: Key Consumer Electronics Brands in Myanmar



1.3.4 FASHION & APPAREL

Up until recent years, it was a challenge for shoppers to explore and purchase international brands. Most clothing stores in Myanmar sell unbranded imported ready-to-wear clothes from China and Thailand. The fashion retailing landscape started to change not long ago with the emergence of high-rise shopping centers such as Junction City and Myanmar Plaza. Riding on a wave of rising consumerism, it did not take long for international fashion retailers to expand their presence in Myanmar. Today, leading international brands across clothing, sportswear, shoes and bags can be spotted in the retail spaces across Yangon. However, due to the long absence of international fashion retailers, Myanmar consumers with high affordability continue to mostly purchase branded goods overseas. This segment of brand-conscious Myanmar consumers would even schedule a dedicated shopping trip to neighboring countries such as Thailand for affordable clothing and Singapore for high-end brands. However, with the rising spending power of Myanmar's middle class, retail outlets in the country are expected to see rising demand from a segment that cannot afford to travel abroad often for shopping.

Singapore Myanmar Investco (SMI) has been instrumental in creating a retail experience for international travelers at the new Yangon International Airport. SMI introduced multi-category Duty Free brands and luxury brands that were previously not present in Myanmar such as Furla, Lacoste, Fossil, Dunhill, Aigner, Desigual, Kipling and many more. In addition, SMI has also established cosmetics and fashion brands in new shopping malls such as Junction City and Myanmar Plaza^{xxiv}.



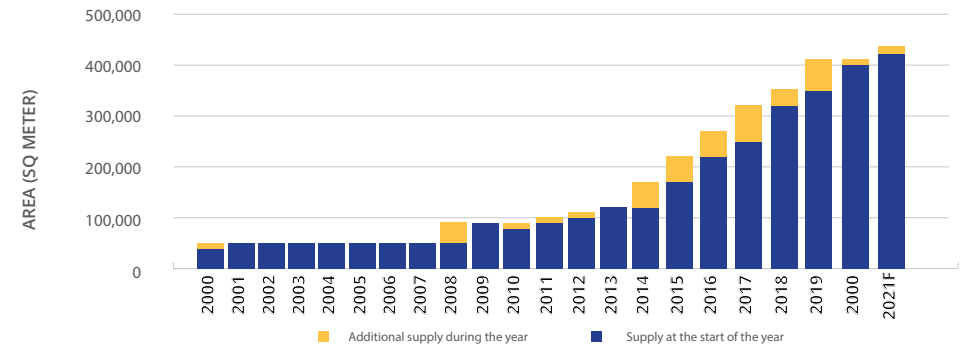
Figure 12: Some fashion retail brands in Myanmar



It is not uncommon to see small-scale second-hand clothes shops around Yangon. Most used clothes are imported from Japan and China, and bought as individual parcels which are then sold to small retailers. Depending on the quality and bands included, each parcel containing about 160 individual items is priced between MMK 18,000 (USD 12) and MMK 300,000 (USD 200)^{xxvii}. Most demand for second-hand clothes come from rural areas and the working class population. While the demand from Yangon is low, there is a recent emergence of social start-ups that promote sustainable fashion reuse and upcycling. Swap Up Yangon created a marketplace where people can collect points for bringing preloved clothes and swap a new clothing item of the same points. Every item-swap is subject to MMK 4,000 (USD 2.7) born by the service users.

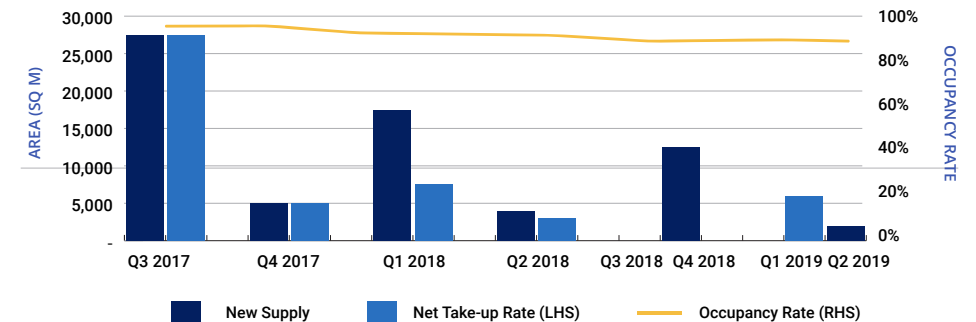
Leasable retail space is being added continuously with new development projects in the pipeline. Yangon's retail space reached 400,000 square metres by the end of 2018, contributed by the completion of three new projects: Phase 1 of The Central Boulevard by Marga Landmark, Kantharyar Shopping Mall by Asia Myanmar Shining Star Investment Co.,Ltd, and Space@ Yankin by Crown Roofing Co.,Ltd. These three projects together contributed an additional leasable space of 58,000 square metres^{xxv}. As of the second quarter of 2019, average retail rental rate in downtown Yangon is the highest at USD 45 per square metre per month. The average rental rate for retail space located in the inner-city area at USD 30 per square meter and outer city area at an estimated USD 23 per square metre^{xxvi}.

Figure 13: Yangon Retail Supply Stock: Gross Leasable Area



Source: Colliers International, 2019

Figure 14: Yangon Retail Occupancy and Take-up Rate



Source: Colliers International, 2019

1.4 RETAIL AND DISTRIBUTION

1.4.1 TRADITIONAL VS. MODERN RETAIL

Small family-operated stores still account for the majority of the retail sector. For fresh meat and vegetables, Myanmar households perceive that wet markets offer a better quality. Wet markets, often in the form of outdoor markets with limited permanent structures, are the most widespread retail point for many food products in Myanmar, especially fresh meat, chicken, fish, fruits, vegetables, flowers, spices, and certain grocery items. Wet markets have limited opening hours to keep the items fresh. However, the number of working people shopping at wet markets has a decreasing trend due to time constraints as well as hygiene concerns^{xxviii}. Modern retail stores currently account for approximately 10% of the country's retail segment and are expected to increase to a 25% share by 2020^{xxix}. Supermarkets and convenient stores are increasingly being established in the larger cities of Myanmar to cater to changing consumer behaviour and preferences. Both local and international retailers are optimistic about future growth potential. Out of approximately 250,000 retail outlets in Myanmar, grocery, convenience, fabric, pharmacy, and fashion are the top five outlet categories, together accounting for 45% of total retail stores^{xxx}.

Myanmar's largest supermarket chain, City Mart, was established over two decades ago in 1996. City Mart offers a variety of consumer goods from both local and international brands and works closely

with local farmers for their fresh product section supply. With the success of its supermarket business, City Mart Holdings Limited (CMHL) launched the first hypermarket brand "Ocean" in 2006, which has since expanded to major cities such as Yangon, Mandalay and Nay Pyi Taw. To address the rapid change in the local shopping culture, CMHL was also one of the first to establish convenience stores. Since the first launch of City Express in 2011, now CMHL has over 100 stores across Yangon with more than 20 outlets operating 24 hours^{xxxi}. CMHL has been successful in diversifying their business by offering focused product categories that complement the shoppers' needs. For example, CMHL also operates the City Care pharmacy, the Season bakery, the City Exchange and the City Book & Music, which are found adjacent to its supermarkets/hypermarkets. Confident about its growth prospects, the International Finance Corporation (IFC) provided a USD 25 million loan to CMHL in 2016 for its expansion plan to construct an estimated 20 more supermarkets and hypermarkets across the country over the next three years^{xxxii}. On top of the funding, City Mart hopes to leverage on IFC's expertise on food safety, environmental practices and corporate governance. In 2014, City Mart introduced a "No Plastic Bag Day" initiative in its stores in Yangon. With increasing public awareness and acceptance of sustainable shopping, City Mart expanded the initiative in 2018 to take place twice a month as well as started introducing it to its Mandalay outlets.

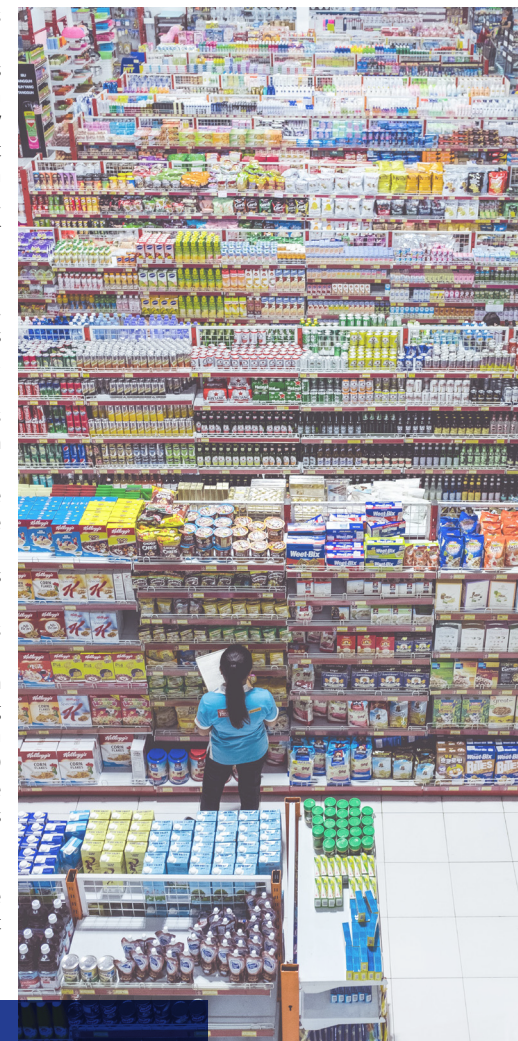
The neighboring country Thailand had over 14,000 convenience stores across the country with 7-Eleven alone contributing to over 9,000 outlets in 2016^{xxxiii}. In contrast, Myanmar has only over 1,000 convenience stores, all operated by local companies. Established in 2007, ABC is the leading player in Myanmar's convenience store segment with ~170 stores, followed by Grab & Go with ~130 convenience stores. Grab & Go is part of the local conglomerate Capital Diamond Star Group. Loi Hein's affiliate, Alpine Retail Express is the most recent player joining the convenience store business with the first store opened in April 2019 in Htauk Kyant, Yangon. In four months, the company expanded to five outlets in Yangon and one in Bago.

International players have also been exploring opportunities in the untapped retail market in Myanmar. Japan's AEON entered into a JV with Creation Myanmar Group of Companies (CMGC) in 2016, investing USD 8.1 million for a 99% stake in the JV, which took over CMGC's existing fourteen "Orange" supermarkets in Yangon and Mandalay. The newest addition and fifteenth store, Aeon Orange Thanlyin Sakura hypermarket was opened recently in May 2019 in Thanlyin, Yangon selling food, home electronics, clothing and other household products^{xxxiv}.

Shortly after the Government liberalised the wholesale and retail sector encouraging investment from foreign players, Germany's METRO AG entered the wholesale market with its local JV partner Yoma Strategic Holdings (YSH) in March 2019, making it the first ever foreign wholesale player in Myanmar. With its 5,800 square metre warehouse in Thilawa, METRO is able to handle incoming products and take ordersthrough their digital platforms.

Its first show room was opened in September 2019 in the center of Yangon, offering customers an experience to browse a large selection of high-quality imported and locally sourced products. With a target to source 75% of its assortments locally, METRO secured a USD 20 million loan from the IFC. The funding will support the company in sourcing products from local companies and farmers, potentially raising food safety standards, as well as creating job opportunities in logistics and food processing services^{xxxv}. It also has strong aspirations of becoming plastic free, by adopting globally a voluntary target to reduce its plastic footprint. "The METRO Plastic Initiative" is aiming to replace conventional single-use plastics with reusable, recyclable or compostable alternatives by 2025.

By having a close coordination with its customers and partners along the supply chain, METRO aspires to help drive the sustainable change and empower its customers to adopt a low-plastics practice.



1.4.2 E-COMMERCE OVERVIEW

The very high adoption and market penetration rates of smartphone are increasingly followed by an affinity for online purchases. This is leading to the rapid development of e-commerce platforms primarily catering to the young tech-savvy population. Myanmar's e-commerce market is valued at USD 6 million^{xxxvi}, representing a nascent, under-penetrated market segment. Facebook alone accounts for 85% of internet traffic in Myanmar^{xxxvii}. There are many online stores with a page set up on Facebook with the online vendors accepting flexible cash-on-delivery payments. Increasingly many vendors with physical stores use Facebook's platform to sell and promote their products. According to Hootsuite's report, internet users in January 2019 in Myanmar increased by 17% from a year before. Meanwhile, e-commerce players are building online marketplaces independent of Facebook, given the high number of internet users and the rising mobile penetration rate.

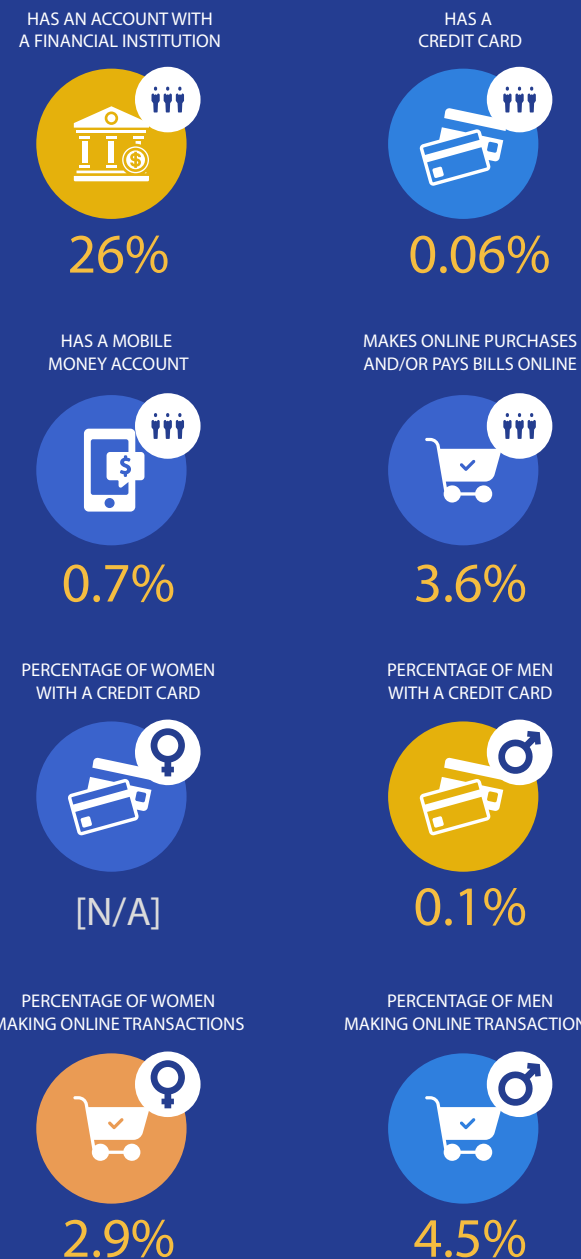
The Myanmar e-commerce market is led by two dominant players, Alibaba's Shop.com.mm and the local start-up rgo47. Shop.com.mm was previously operated by Daraz Group, owned by Germany's Rocket Internet, before the acquisition by Alibaba in 2018. Founded in 2013, rgo47 focuses on online fashion retail with delivery services to 230 towns across the country. Other notable e-commerce businesses are local start-ups BarloLo.com, 365 Myanmar, and Shopmyar.com. Product specific online marketplaces are also emerging. For example, Kyarlay.com provides mother and baby products.

Figure 15: Product Offering Overview of Major E-commerce Players

Shop <small>An Alibaba company</small>								
rgo47								
BarLoLo								

Despite the push for online retail shopping, there are many significant challenges. With 21.7 million users in Myanmar as of 2019, the growing dominance of Facebook discourages potential online shoppers to switch to another platform. Moreover, only 26% of the Myanmar population is using formal financial services such as a bank account, and credit card uptake remains low at 0.06%^{xxxviii}. As a result, e-commerce operators are not able to secure the payment in advance and need to operate on a Cash-On-Delivery model. Furthermore, capacity of delivery service is also an important factor in the growth of e-commerce business. Liberalisation for foreign companies to invest in local logistics and distribution companies may open doors for players to build their own warehouse and distribution networks.

Figure 16: Myanmar Consumers - Financial Instrument Usage



Source: Hootsuite: Digital 2019 Myanmar

2 FOREIGN INVESTMENTS

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

Table 2: Chronology of Foreign Consumer Goods Investments in Myanmar

2015

- **May 2015.** Japan's Mitsubishi Corporation and Myanmar's Capital Diamond Star Group (CDSG) formed a food manufacturing and distribution JV called Lluvia, with Mitsubishi investing over USD 200 million for the next three years.
- **August 2015.** Japan's Kirin Holding bought a 55% stake in Myanmar Brewery for USD 560 million, including launching locally brewed Kirin Ichiban beer.
- **December 2015.** US private equity firm TPG Capital bought a 50% stake in Myanmar Distillery Company, a manufacturer of alcoholic beverages in Myanmar.

2016

- **February 2016.** Nissan announced it will invest USD 50 million to begin assembly of the Sunny compact sedan in Myanmar with its partner Tan Chong Motor Group. Nissan plans to transfer production to a new plant in the Bago Region, which will employ about 300 people and have an annual output capacity of 10,000 cars.
- **April 2016.** Hitachi Home Electronics Asia (S) Pte. Ltd. announced that it has established Hitachi Home Electronics Myanmar Co. Ltd., to grow its market share in the home consumer business segment.
- **April 2016.** The Government approves an investment by Japan's Yakult Honsha Co. Ltd. for the manufacturing and wholesale of fermented milk drinks.
- **May 2016.** ShweTaung Group announced it will diversify its operations into the food and beverage sub-sector by partnering with Singapore Breadtalk Group.
- **August 2016.** Aeon Co Ltd partnered with Creation Myanmar Group of Companies Limited (CMGC) to create Aeon Orange Co. Ltd. to acquire 14 supermarkets by CMGC through its affiliate Hypermarket Asia Co. Ltd.
- **August 2016.** Fujifilm announced a USD 6 million investment to establish a facility in Thilawa Special Economic Zone to expand sales of its products and services in Myanmar.
- **November 2016.** Taiwan's SheenHo International Creation Group awarded a master franchise to a local company, Creation Strength Co Ltd, to invest about MMK 1.3 billion and open up to 20 branches over five years.
- **December 2016.** Singapore-listed Myanmar Investco Limited, a diversified business group, has committed to operate retail space at the new terminal of Yangon International Airport.
- **December 2016.** Automobile makers Ford, Nissan and Lisan established their assembly lines in Myanmar.

2017

- **February 2017.** Singapore-listed Yoma Strategic Holdings Ltd. joined with Germany's METRO Group, an international wholesale and food retail company, to establish an integrated wholesale distribution platform.
- **October 2017.** TPG Capital sells its 50% stake in Myanmar Distillery Company to Thai Beverage for about USD 500 million.

2018

- **February 2018.** Singapore Myanmar Investco (SMI) signs an agreement to develop the Coffee Bean & Tea Leaf café chain in Myanmar.
- **April 2018.** Food delivery platform Food2U raises a six-digit investment from local firm Premium Distribution.
- **May 2018.** Alibaba buys Myanmar online retailer shop.com.mm as part of its purchase of the parent company, which had been under a joint venture of Rocket Internet and Ooredoo.
- **May 2018.** A JV formed between Pernod Ricard, Yoma Strategic, Delta Capital, and Win Brothers for alcohol products in Myanmar.
- **May 2018:** Yoma Strategic Holdings is selected to bring Little Sheep Hot Pot to Myanmar; the first shop opened in early 2019.
- **October 2018.** Singapore Myanmar Investco (SMI) signs an exclusive agreement to distribute and market Havaianas brand flipflops.
- **November 2018:** Yoma Strategic Holdings and Auntie Anne's announced the signing of a franchise agreement to bring the brand into Myanmar; the first shop opened in early 2019.

2019

- **March 2019:** METRO AG starts operations in Myanmar, including a 5,800sqm. warehouse in Thilawa SEZ.
- **January 2019:** Lotte Confectionery completed the acquisition of L&M Mayson in Myanmar, acquiring an 80% stake for a consideration of 77USD bn won.
- **August 2019:** Malaysian bubble tea brand Tealive has partnered with Myanmar Food for Thought Co Ltd. to open five outlets in Myanmar by year-end.
- **September 2019:** SMI expands retail presence with the opening of a new ARTISAN shop at Yangon's The Secretariat.
- **October 2019:** Emerald Brewery commences brewing of Chang Lager Beer in Yangon's Hlegu township; one year after its shareholders, Fraser and Neave, invested USD 70 million in the brewery.

3 MYANMAR FOREIGN INVESTMENT AND REGULATORY LANDSCAPE

3.1 GENERAL LEGAL / INVESTMENT STRUCTURE REGULATIONS

3.1.1 MYANMAR INVESTMENT LAW

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



Table 3: Myanmar Investment Law - Key Regulatory Amendments

Key changes	Description
Ease of Foreign Investment	Foreign investors are permitted to own 100% of businesses which are not on restricted or prohibited lists.
Investment Screening	An investor may submit an investment screening application to the Myanmar Investment Commission (MIC) for a non-binding guidance on whether a proposal investment: <ul style="list-style-type: none"> • Requires an MIC permit application • Requires Pyidaungsu Hluttaw (Union Parliament) approval prior to permit issuance; • Is prohibited or restricted under the MIL and related notifications; • In a promoted sector under the MIL and related notifications
Devolution of Authority for Endorsement Application	Application with investments less than USD 5 million in non-strategic and non-restricted sectors will be handled at the state/regional level, with close involvement of the state/regional DICA officials.
Removal of Blanket Incentives	Businesses may be granted tax exemptions if investments are in promoted sectors. The duration of tax exemption is contingent upon the areas in which businesses set up operations. <ul style="list-style-type: none"> • Less developed regions (Zone 1) grant 7 years of tax exemption • Moderately developed regions (Zone 2) grant 5 years of tax exemption • Adequately developed regions (Zone 3) grant 3 years of tax exemption
Long-term Land Lease	Foreign investors that invest under the Myanmar Investment Law scheme can lease land from the government for 50 years and then extend it for another 20 years with two 10-year extensions.
Compensation for Expropriation	Expropriation of investments is allowed under the following conditions: <ol style="list-style-type: none"> necessary for the public interest; carried out in a non-discriminatory manner; carried out in accordance due to process of law; on payment of prompt, fair and adequate compensation.
Grievance Mechanism	The MIC will establish and manage a grievance mechanism to inquire and resolve issues before escalation to legal disputes, and to prevent the occurrence of disputes.

3.1.2 MYANMAR INVESTMENT COMMISSION

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

The MIC also issues investment-related notifications and orders. Investors must submit a proposal to the MIC only if the investments are:

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

3.1.3 MYANMAR COMPANIES LAW

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

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

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

Table 4: Consumer Goods-Related Rules and Regulation

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

3.2 CONSUMER GOODS-RELATED RULES AND REGULATIONS

3.2.1 NOTIFICATION 25/2018 AND THE OPENING OF RETAIL AND WHOLESALE

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

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

3.2.2 CONSUMER PROTECTION LAW

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

3.2.3 ACTIVITIES PROHIBITED TO FOREIGN INVESTORS

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

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



3.2.4 ACTIVITIES PERMITTED ONLY VIA JOINT VENTURE

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

Table 5: Activities Permitted for Joint Ventures

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

4 CHALLENGES AND OUTLOOK

4.1 CHALLENGES

In a country like Myanmar, which is rapidly undergoing various stages of transformation through economic, social and political reforms, a number of challenges to the business environment are likely to arise as investors explore opportunities.

INFRASTRUCTURE

At an approximately 47% electrification rate, Myanmar suffers from unstable power supply especially in the dry season. For consumer goods requiring certain temperature, store operators are relying on backup generator to keep the refrigerated storage rooms operational. This puts operators at a risk of rising maintenance cost at every outlet. Going beyond pure storage, moving goods through the country is challenged by dilapidated road infrastructure and heavy traffic congestion. Moreover, sufficient cold chain logistics systems are needed to move perishable and frozen goods without allowing them to be exposed to Myanmar's high temperature. Transporting to remote areas can be expensive and time-consuming given the poor road infrastructure, as well as unreliable internet access, thus affecting fleet tracking systems and overall delivery efficiency.

HUMAN RESOURCES

As Myanmar attracts foreign investment, the country struggles to provide the commensurate number of skilled labour required in the respective sectors. Despite having a large workforce, many lack the skillset demanded by foreign companies. This leads to high competition on recruitment of skilled labour across specific industries and in many cases, driving the salaries up substantially.



CONSUMER BEHAVIOUR

Myanmar consumers tend to have strong brand loyalty implying that it takes considerably longer to be able to convince them, which requires significant investment in consumer engagement and strong marketing efforts. In the consumer electronics sector, Asian companies were the first entrants to Myanmar. Thus, consumers show a high brand affinity for Asian brands, particularly Japanese electronics are perceived as of high quality. Drinking tea and milk tea have strong ties to the local culture. Locally produced tea and instant milk tea brands are formulated close to the traditional taste, providing a similar experience of drinking at the tea shops. Therefore, the tea beverage sector is characterised by a strong competition from local players which have good understanding of Myanmar consumers. With the emergence of social media and bloggers, the beauty industry is a rising trend in Myanmar. Due to the high quality perception, consumers are willing to spend on foreign branded personal care products and cosmetics. While western cosmetics brands are highly trusted, Korean beauty products are increasingly popular among young consumers along with Korean pop culture influences.

While global advertising media has switched to online platforms, businesses in Myanmar are sticking to Facebook, owing to the fact that it contributes 85% of internet traffic in the country. Business and creative agencies use Facebook for advertisement and campaigns in order to maximize the reach. Even competing e-commerce companies place their advertisements or run campaigns on Facebook to re-direct users to their website and push sales.

CASH RELIANCE

In Myanmar, cash is king. For a country where over 70% of the population don't have a bank account, cash is sometimes the only used and accepted form of payment. Due to the poor banking infrastructure and past experience with card errors, existing card holders are reluctant to make online payments. Leveraged on high mobile penetration, innovative payment systems have also emerged that successfully captured the unbanked population. Mobile payment companies allow customers to deposit cash or top up their account at nearby agents. Given the presence of unbanked population and wider penetration of mobile money, retail businesses looking at expanding into online space may need to accommodate such alternative payment methods.

At the same time, leading banks such as AYA Bank, and KBZ Bank, as well as tech startups, are pushing towards a cashless society by offering fintech solutions, especially in Yangon. However, related regulatory frameworks and data protection or security standards are either lacking, or not on a level with European standards and regulations. This is mainly caused by the low digital literacy rate of the local population, who do not understand or pay attention to terms and conditions of fintech companies and banks.



INTELLECTUAL PROPERTY RIGHTS AND PARALLEL IMPORTS

For international brands with regional expansion plans, having a strong intellectual property (IP) law to protect the brand might be one of the most important factors to consider before coming into a new country. Until recently, Myanmar was relying on outdated colonial-era laws. Although a new Trademarks Law has recently received the President's approval in 2019, it has yet to come into effect. While a regulatory body is being established for facilitating IP registration and to oversee the enforcement of IP rights, foreign businesses are advised to continue registering under the previous laws.

Parallel imports and illegal trade still present major concerns in Myanmar's consumer goods sector. The 1995 military government's ban on alcohol import resulted in smuggling of foreign alcohol brands through borders. It is estimated that 1.3 million litres of distilled spirits worth about USD 8 million was legally imported in 2017-18, while the illegal import volume is estimated to be worth several hundred million dollars a year^{xi}. According to Euromonitor, the beer industry alone pays approximately MMK 160 billion (USD 105 million) tax while 30% of beer consumption in 2016 was of illegally imported products^{xii}. This results in tax revenue loss of around USD 50 million a year. Marketing and promotion strategies are challenged by the competitive price of illegal products as they are sold 35% cheaper in the market. In 2015, the Government eased the regulation by allowing legal import of wines while beer and spirits were limited to hotels and duty-free stores imports. In support of further policy relaxation, a law is currently being drafted by the Ministry of Commerce to allow the legal import of liquors and beers^{xiii}.

4.2 OUTLOOK

As a result of the country's thriving economic growth driven by a series of reforms, Myanmar is experiencing a rising consumerism with its young and affluent consumers willing to pay for high quality products. According to Asian Development Bank (ADB) estimates, Myanmar may well become a middle-income country by 2030^{xiiii}. F&B is the largest category that Myanmar consumers spend on, and therefore holds one of the highest growth potential, given the consumers' willingness to spend more. Since many foreign companies invest in the same consumer goods category, competition is stimulated and local companies are encouraged to adopt to new technologies and scale up their businesses. In many cases, this creates opportunities to form partnerships and leverage each other's expertise. Yangon's retail space is estimated to reach ~250,000 square metres in 2021 driven by demand from more F&B, fashion and other consumer retailers. Both local and foreign players are expanding aggressively into the retail supermarket space. Additionally, in the wholesale sector, METRO is currently the only foreign player, translating there is a room for investment and growth for other investors not just in Yangon but also in other cities.

Increasingly consumers are aware of the single-use plastic waste and its effects on the environment. There have been many plastic-free initiatives supported by businesses, non-governmental organisations (NGOs) and corporations. In early 2018, KFC Myanmar started a "Say No Plastic Straw" movement where plastic straws are only given out on request. Highlighting the importance of recycling, Coca-Cola Myanmar also launched "Tan-Bo-Shi-Tal" campaign which translates to "It is worth it". The campaign aims to encourage the segregation of bottles and cans at all levels, from households to retail. The company also participated in on-ground public awareness initiatives such as the World Cleanup Day Myanmar 2019. Since the launch of "No Plastics Day" in 2014, City Mart supermarket has successfully earned the active customers' participation and extended the initiative to two days a month to go plastic-free.

As part of Metro's global vision, the company has been working on optimising its packaging and promoting the plastics into a closed circular economy. Local social enterprises also play a vital role in accelerating public awareness. DohEain, Zero Plastic, ChuChu and Thant Myanmar recently held a public exhibition in downtown street alleys by displaying recyclable plastic structures and artworks^{41v}. Going forward, the reduction of plastics and use of environmentally friendly packaging will most likely become a good industry practice and a trend that businesses plan to adopt.

Figure 17: Plastic Awareness Campaigns by International Brands



While fashion retailers are selling unbranded clothes from China and Thailand targeting the price-sensitive consumers, it provides limited options for fashion-conscious shoppers in terms of size, colours and designs. For consumers with high spending power, scheduled shopping trips to neighbouring countries such as Thailand and Singapore have been a way to get hands on quality-branded goods that are not available in Myanmar. For example, popular western fast-fashion brands among young Myanmar consumers such as Zara, H&M and cosmetics retailer Sephora are perceived as providing high-quality goods. The population of 53 million and a young workforce contributing to a growing middle-income class, represent a large opportunity for western investors not only in fashion and cosmetics retailing, but also in consumer goods sectors.

Meanwhile, the Government increases its efforts to create an investment-friendly climate and transform Myanmar into an attractive manufacturing location. Establishment of special economic zones with tax incentives for 5 to 7 years have succeeded in attracting foreign investors to set up local production plants in Myanmar. In recent years, the country had already experienced digital leapfrogging in telecommunication and financial service sectors. With higher connectivity, digital literacy and better access to financing, further supported by strong industry standards, Myanmar would be on track to adopt digital automated solutions in the manufacturing sector.



5 INDUSTRY CONTACTS INFORMATION

5.1 GOVERNMENT OFFICES

MINISTRY OF COMMERCE

Exporting and importing products can only be done with an export/import license issued by the Ministry of Commerce. Trading licenses for most of the products are issued in Yangon

Mailing Address

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

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

Contact

(+95) 67 408 002
(+95)408 265

MINISTRY OF PLANNING, FINANCE AND INDUSTRY

Mailing Address

Director General
Ministry of Planning, Finance
and Industry
Office No. 30, Nay Pyi Taw

Contact

(+95) 67 405 320
(+95) 405 055

CITY DEVELOPMENT COMMITTEES

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

Contact Yangon City Development Committee

(+95) 1 248 112
(+95) 370 982

Contact Mandalay City Development Committee

(+95) 2 69 961

NO. 3 HEAVY INDUSTRIES ENTERPRISE

Mailing Address

Office No. 37,
Zeya Htani Road,
Nay Pyi Taw

Contact

(+95) 67 408 156
(+95) 408 364

Customs Department

The Customs Department is an arm of
Ministry of Planning, Finance and Industry.

Mailing Address

Director General
Department of Customs Ministry of
Planning and Finance Office No. 45,
Nay Pyi Taw

Customs House,

Strand Road
Kyauktada Township,
Yangon

Contact

(+95) 407013
(+95) 410046

MINISTRY OF INVESTMENT AND FOREIGN ECONOMIC RELATIONS

The Directorate of Investment and
Company Administration (DICA) and the
Myanmar Investment Commission (MIC)
are the focal bodies for incorporation of
foreign businesses. Both fall under the
authority of the Ministry of Investments
and Foreign Economic Relations.

DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION (DICA); MYANMAR INVESTMENT COMMISSION (MIC)

Mailing Address

Directorate of Investment
and Company
No. 1, Thitsar Road, Yankin
Township, Yangon

Contact

(+95) 658102
(+95) 658103

5.2 OTHER RELEVANT ASSOCIATIONS

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

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

Mailing Address

No. 29, Min Ye Kyaw
Swar Street, Lanmadaw
Township, Yangon

Contact

(+95) 1 231 4344~49
ird@umfcci.com.mm

MYANMAR RETAILERS ASSOCIATION

The Myanmar Retailers Association is
the sector's main advocacy body.

Mailing Address

Room No. 409, La Pyay
Wun Plaza, Alan Pya
Pagoda Street, Dagon
Township, Yangon

Contact

(+95) 9 314 225 55
(+95) 314 227 77

6 REFERENCES

i	IMF-World Economic Outlook Database
ii	World Population Review (2019), retrieved from http://worldpopulationreview.com/countries/myanmar-population/#undefined (04/11/2019)
iii	Mizzima (2018): Nestle Myanmar expects fourfold growth by 2020, retrieved from http://mizzima.com/business-domestic/nestle-myanmar-expects-fourfold-growth-2020 (05/11/2019)
iv	Myanmar Business Today (2019), retrieved from https://www.mmbiztoday.com/articles/heineken-opens-60-m-brewery-bank-myanmar-s-beer-potential (05/11/2019)
v	Kirin Holdings (2018): Overseas Integrated Beverages Strategy, retrieved from https://www.kirinholdings.co.jp/english/ir/library/integrated/pdf/report2018/kr2018e_22_2.pdf (05/11/2019)
vi	Myanmar Times (2017): Kirin expands market share with Mandalay Brewery JV, retrieved from https://www.mmtimes.com/news/kirin-expands-market-share-mandalay-brewery-jv.html (05/11/2019)
vii	Myanmar Times (2019): Emerald Brewery commences brewing of Chang Lager Beer in Yangon, retrieved from https://www.mmtimes.com/news/emerald-brewery-commences-brewing-chang-lager-beer-yangon.html (05/11/2019)
viii	Myanmar Times (2014): Asahi to enter Myanmar in new soft-drinks deal, retrieved from https://www.mmtimes.com/business/9861-asahi-to-enter-myanmar-in-new-soft-drinks-deal.html (05/11/2019)
ix	Myanmar Times (2019): Japanese companies, DKSH enter Myanmar wholesale market, retrieved from https://www.mmtimes.com/news/japanese-companies-dksh-enter-myanmar-wholesale-market.html (05/11/2019)
x	The Coca-Cola Company (2013): retrieved from https://www.coca-colacompany.com/press-center/press-releases/coca-cola-starts-local-production-in-myanmar (05/11/2019)
xi	The Irrawaddy (2014): South Korean-Burmese Joint Venture to Start Pepsi Drinks Production, retrieved from https://www.irrawaddy.com/business/south-korean-burmese-joint-venture-start-pepsi-drinks-production.html (05/11/2019)
xii	Myanmar Times (2019): Yakult bets on Myanmar market for further growth, retrieved from https://www.mmtimes.com/news/yakult-bets-myanmar-market-further-growth.html (05/11/2019)
xiii	Myanmar Times (2019): Shan State's peace and tea leaves, retrieved from https://www.mmtimes.com/news/shan-states-peace-and-tea-leaves.html (05/11/2019)
xiv	Minime Insights (2019): Acecook Myanmar introduces three new instant noodles under Yo Yar brand, retrieved from https://www.minimeinsights.com/2019/02/17/acecook-myanmar-introduces-three-new-instant-noodles-under-yo-yar-brand/ (06/11/2019)

xv	The Japan Times (2018): Instant noodle giant Nissin Foods launches products in Myanmar, retrieved from https://www.japantimes.co.jp/news/2018/08/15/business/corporate-business/instant-noodle-giant-nissin-foods-launches-products-myanmar/#.XcP7Zi2B200 (06/11/2019)
xvi	Eleven Myanmar (2019): Lotte buys 80 per cent L & M Mayson shares, retrieved from https://elevenmyanmar.com/news/lotte-buys-80-per-cent-l-m-mayson-shares (06/11/2019)
xvii	Myanmar Times (2018): Taunggyi demand prompts KFC to expand into Monywa, Pyay, retrieved from https://www.mmtimes.com/news/taunggyi-demand-prompts-kfc-expand-monywa-pyay.html (06/11/2019)
xviii	Myanmar Times (2018): BreadTalk opens third outlet in Yangon, targets eight more, retrieved from https://www.mmtimes.com/news/breadtalk-opens-third-outlet-yangon-targets-eight-more.html (05/11/2019)
xix	Euromonitor (2014): Markets of the Future in Myanmar report page 105 (06/11/2019)
xx	DKSH (2019): DKSH opens first innovation center in Myanmar, retrieved from https://www.dksh.com/mm-en/home/media/news?id=tag:xml.newsbox.ch,2019-06-12:1101.1759.digest (06/11/2019)
xxi	The Master Builder (2016): Construction industry in Myanmar to reach US\$13.5 bn by 2020, retrieved from https://www.masterbuilder.co.in/construction-industry-in-myanmar-to-reach-us13-5-bn-by-2020/ (06/11/2019)
xxii	Myanmar Time (2019): New models vie for share of local smartphone sales, retrieved from https://www.mmtimes.com/news/new-models-vie-share-local-smartphone-sales.html (06/11/2019)
xxiii	Myanmar Time (2019): Vietnamese Technology Corporation, Bkav launches new smartphone in Myanmar, retrieved from, https://www.mmtimes.com/news/vietnamese-technology-corporation-bkav-launches-new-smartphone-myanmar.html (06/11/2019)
xxiv	Singapore Myanmar Invesco, retrieved from http://www.sin-mi.com/retail.html#12 (07/11/2019)
xxv	Colliers Property Report (2019): Myanmar Retail Quarterly Q4 2018, retrieved from https://consult-myanmar.com/2019/01/23/colliers-property-report-myanmar-retail-quarterly-q4-2018/ (07/11/2019)
xxvi	Colliers International (2019): Yangon Property Market Presentation, retrieved on (07/11/2019)
xxvii	Myanmar Times (2010): Winter fails to inspire second-hand clothing market, retrieved from https://www.mmtimes.com/business/4559-winter-fails-to-inspire-second-hand-clothing-market.html (21/11/2019)
xxviii	USDA Foreign Agriculture Service (2018): Rangoon Retail Foods, retrieved from https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Retail%20Foods_Rangoon_Burma%20-%20Union%20of_9-21-2018.pdf (08/11/2019)
xxix	Mizzima (2015): Myanmar's ABC wants partners for basics, retrieved from http://www.mizzima.com/business-domestic/mymnars-abc-wants-partners-basics (08/11/2019)
xxx	Export.gov (2019): Burma Consumer Goods, retrieved from https://www.export.gov/article?id=Burma-Consumer-Goods (08/11/2019)
xxxi	City Mart Holdings (2019): Our Business, retrieved from http://www.cmhl.com.mm/our-business/#1462880256467-a01cbcc3-71b9 (08/11/2019)
xxxii	Myanmar Business Today (2016), IFC Forays into Myanmar Retail Sector through \$25m City Mart Loan, retrieved from https://www.mmbiztoday.com/articles/ifc-forays-myanmar-retail-sector-through-25m-city-mart-loan (08/11/2019)
xxxiii	USDA Foreign Agricultural Service (2017): Thailand Retail Foods, retrieved from https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Retail%20Foods_Bangkok_Thailand_12-28-2017.pdf (08/11/2019)

xxxiv	Myanmar Times (2019): Japan retailer Aeon opens hypermarket in Thanlyin, retrieved from https://www.mmtimes.com/news/japan-retailer-aeon-opens-hypermarket-thanlyin.html (08/11/2019)
xxxv	Myanmar Times (2019): Metro's Myanmar subsidiary secures US\$20m IFC loan, retrieved from https://www.mmtimes.com/news/metros-myanmar-subsi-dary-secures-us20m-ifc-loan.html (08/11/2019)
xxxvi	Kasikorn Bank (2018): E-Commerce in Myanmar – A Rising Tide, retrieved from https://www.kasikornbank.com/international-business/en/AEC/Intelligence/Pages/201811_Myanmar_Ecommerce_Trend.aspx (09/11/2019)
xxxvii	Frontier Myanmar (2018): What Myanmar's Facebook supremacy means for business, retrieved from https://frontiermyanmar.net/en/what-myanmars-facebook-supremacy-means-for-business (08/11/2019)
xxxviii	Hootsuite (2019): Digital 2019 Myanmar, retrieved from https://www.slideshare.net/DataReportal/digital-2019-myanmar-january-2019-v01 (08/11/2019)
xxxix	PWC (2017): Myanmar Business Guide, retrieved from page 8, https://www.pwc.com/mm/en/publications/assets/myanmar-business-guide-2017.pdf (08/11/2019)
xl	Frontier Myanmar (2019): Govt set to relax alcohol import ban, licensing rules, retrieved from https://frontiermyanmar.net/en/govt-set-to-relax-alcohol-import-ban-licensing-rules (23/11/2019)
xli	Myanmar Times (2017): Carlsberg builds a beer empire in Myanmar, retrieved from https://www.mmtimes.com/news/carlsberg-builds-beer-empire-myanmar.html (23/11/2019)
xlii	Myanmar Times (2019): Authorities working on permitting liquor imports, retrieved from https://www.mmtimes.com/news/authorities-working-permitting-liquor-imports.html (23/11/2019)
xliii	ADB (2012): Myanmar In Transition, retrieved from https://www.adb.org/sites/default/files/publication/29942/myanmar-transition.pdf (08/11/2019)
xliv	Myanmar Times 2019: Seeking to end the flood of plastics, retrieved from https://www.mmtimes.com/news/seeking-end-flood-plastics.html (24/11/2019)

Photo References:

Cover	Shutterstock	Page 25	Unsplash
Page 3	Shutterstock	Page 30	Shutterstock
Page 11	Depositphotos	Page 33	Shutterstock
Page 15	Unsplash	Page 35	Depositphotos
Page 16	Freepik	Page 36	Unsplash
Page 18	Unsplash	Page 38	Freepik
Page 20	Freepik		
Page 21	Unsplash		
Page 22	Freepik		
Page 24	Unsplash		



We help you grow, scale, and transform businesses in Asia

YCP Solidiance is an Asia-focused strategy consulting firm with a global presence across 18 key cities in the Asia Pacific, US, and EU. Our strategic, operational and digital advisory support help you navigate the rapidly evolving Asian markets in today's industry 4.0 era.

Get in touch with our Myanmar team




Naithy Cyriac

Managing Director, YCP Solidiance Myanmar
Suite 606, 6th floor, Crystal Tower, Junction Square Compound,
Kyun Taw Road, Kamaryut township, Yangon, Myanmar
+95 979 700 6465
naithy.cyriac@ycp.com

Asia-focused with a global presence

Australia, China, Hong Kong,
India, Indonesia, Japan,
Lebanon, Malaysia, Myanmar,
Netherlands, Philippines,
Singapore, Taiwan, Thailand,
United Arab Emirates, USA,
Vietnam.

Connect with Us

 YCP Solidiance
 @ycpsolidiance
 www.youtube.com/ycpsolidiance



DULWICH COLLEGE | YANGON |

| PUN HLAING | STAR CITY |



Dulwich College Yangon, where 'Students Come First'

yangon.dulwich.org

**GRADUATE
WORLDWIDE.**



European Chamber of Commerce in Myanmar
271–273 Bagayar Street
Sanchaung Tsp, Yangon, Myanmar



+95 9 45058 2335



info@eurocham-myanmar.org



www.eurocham-myanmar.org



eurocham.myanmar



eurocham-myanmar



[EuroChamMyanmar](https://twitter.com/EuroChamMyanmar)

CO-FUNDED BY



EUROPEAN UNION

IMPLEMENTED BY



CCI FRANCE MYANMAR

FRENCH MYANMAR CHAMBER OF COMMERCE & INDUSTRY



EUROCHAMBRES