# country



Myanmar March 2021

## **Executive Summary**

This country fact sheet provides key trade and investment related statistics for Myanmar. Specifically, it shows Myanmar's trade and investment flows including an analysis of top markets and products with the Western Cape, while highlighting the largest and fastest growing products. Key findings and trends are outlined below:

## **Economy**

As a result of COVID-19, the poverty rate could increase from 22.4 percent in FY2018/19 to 27 percent in FY20/21 and return to pre-crisis level in FY21/22 at the earliest. The first wave already forced many poor households to adopt risky and unsustainable mechanisms to buffer the shock, including reducing their daily food consumption. Even before the second wave hit in late-August, many households were struggling to repay their debts. The ongoing restrictions under the second wave put more households at risk of entering poverty.

#### Trade

Between 2016 and 2020, South African exports to Myanmar decreased year-on-year by 31,90% to reach USD6,23m in 2020 from USD8,80m in 2015, while imports increased by 65,07% y-o-y to reach USD9,51m in 2020 over the same period.

In 2020, Citrus fruit were the leading export product from South Africa to Myanmar valued at USD365,3765. Beauty or makeup preparations and preparations of skin were ranked second valued at USD244 250. This was followed by fruit, nuts and other edible parts of plants, valued at USD 218, 320.

In 2020, Other footwear with outer soles and uppers of rubber or plastic was the leading import product valued at USD1,06m. Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials were valued at USD777 640. The Western Cape imported mostly textile products from Myanmar.

#### Investment

Between January 2003 and December 2020 684 foreign direct investment (FDI) projects were recorded into Myanmar. These projects represented a total capital investment (capex) of USD63,24bn, which equated to an average investment of USD97,9m per project. Over the reviewed period, 120 632 jobs were created.

Between January 2003 and December 2020, a total of 11 outward FDI projects were recorded from Myanmar. These projects represented a total capital investment of USD401,9m which is an average investment of USD36,54m per project. During the period, a total of 717 jobs were created.

## **Table of Contents**

1.	Ge	neral Information	3
2.	Ec	onomic Overview	4
	2.1	Leading Sectors	4
	2.2	Impact of Covid-19 on Myanmar's Economy	4
	2.3	Doing Business in Myanmar's	5
	2.4	Risk Ratings	6
3.	Tra	ade	7
	3.1	Global Trade in services	7
	3.2	Global Trade by Products	8
	3.3	South African Trade with Myanmar	10
	3.4	Western Cape Trade with Myanmar	12
	3.5	Tariffs	13
	3.6	Standards and regulations	14
4	Fo	reign Direct Investments	15
	4.1	Inward Global FDI to Myanmar	15
	4.2	Outward FDI from Myanmar	17

## 1. General Information

Myanmar is in South East Asia, bordering the Andaman Sea and the Bay of Bengal, between Bangladesh and Thailand. Myanmar is one of the poorest countries in Asia and has a land area of around 676,578 sq.km and a population of around 56 million people. As the largest country in mainland Southeast Asia, Myanmar has one of the lowest population densities in the region, with significant agricultural potential.

Its geographic location at the intersection of China and India, makes it well positioned to resume its traditional role as a regional trading hub and a key supplier of minerals, natural gas, and agricultural produce (CIA Factbook, 2021).





The city of Rangoon is Myanmar's capital city. The Burman people represent the largest ethic group in Myanmar and the official language is Burmese.

GENERAL INFORMATION					
Capital city	Rangoon (Nay Pyi Taw is the administrative capital)				
Government type	Parliamentary republic				
Chief of State (since 30 March 2018)	President Win Myint				
Head of Government (since 30 March 2018)	President Win Myint				
Population (July 2020 est.)	56, 590, 071 (July 2020 est.)				
Life expectancy (2020 est.)	69.3 years				
Literacy	75.6%				
Ethnic groups	Burman (Bamar) 68%, Shan 9%, Karen 7%, Rakhine 4%, Chinese 3%, Indian 2%, Mon 2%, other 5%				
Religions	Buddhist 87.9%, Christian 6.2%, Muslim 4.3%, Animist 0.8%, Hindu 0.5%, other 0.2%, none 0.1% (2014 est.)				
Languages	Burmese (official)				
HDI (2018)	0.584 (Ranked 145th)				

Source: CIAFactbook, 2021

## 2. Economic Overview

Between 2009 and 2019, Myanmar's economy performed reasonably well, with a GDP (Gross Domestic Product) growth rate of 2.88% in 2019 accounting for USD280.21bn real GDP. In addition, the country's GDP per capita stood at USD1 608.5 in 2019. Inflation was recorded as 8.83%, whereas the unemployment rate stood at 0.5% in 2019.

ECONOMIC INFORMATION	
GDP (PPP) (2019)	USD290.21bn
GDP growth (2019)	2.88%
GDP per capita (2019)	USD1 608.5
Inflation (2019)	8.83%
Benchmark refinancing rate (ECB) (15 September 2020)	0.10%
Unemployment rate (2019)	0.5%
Doing Business in 2020 (Ranking out of 190)	165
FDI Outward 2003-April 2020	USD 401,9m
FDI Inward 2003- April 2020	USD63,2m
Total Exports (2019)	USD7.09bn
Total Imports (2019)	USD3.53bn

Source: World Bank, 2021; Trading Economics, 2021, FDI Intelligence, 2021, Trade Map, 2021

## 2.1 Leading Sectors

#### Agriculture, forestry, and fishing

According to Britannica, the agriculture, forestry, and fishing sector is the largest contributor to Myanmar's economy. It is said about half of all agricultural land in Myanmar is devoted to rice, and to increase production the government has promoted multiple cropping (sequential cultivation of two or more crops on a single piece of land in a single year), a system that is easily supported by the country's climate.

### Resources and power

Myanmar is rich in minerals, including metal ores, petroleum, and natural gas, and has significant deposits of precious and semiprecious stones. Although production generally has been increasing since the late 20th century, mining accounts for only a tiny fraction of the country's GDP and a comparable portion of the workforce.

#### Manufacturing

There was little industrialisation in Myanmar until the mid-20<sup>th</sup> century, when a limited program was initiated after the country achieved independence. A major enterprise in Myanmar is tobacco production, consisting of government-owned factories, which manufacture cigarettes, and cottage industries, which produce cheroots (a type of small cigar). Other important industries include steel processing, the manufacture of nonelectrical machinery and transportation equipment, and cement production. Textile factories have been established in Yangon, Myingyan, and other cities, but growth of the industry has been hindered since the late 20th century by intermittent sanctions by foreign governments. Myanmar also produces lumber, paper, processed foods (mainly rice), and pharmaceutical products. Cottage industries are encouraged by subsidies.

## 2.2 Impact of COVID-19 on Myanmar's Economy

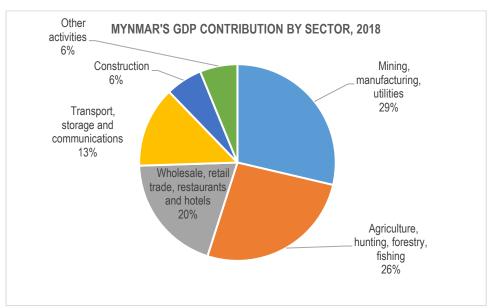
According to a World Bank's *Myanmar Economic Monitor* report, Myanmar's economy is expected to continue suffering from the COVID-19 pandemic, with growth forecast to have slowed sharply to 1.7 percent in FY19/20, down from 6.8 percent the previous year. The pandemic and associated containment measures have weakened consumption and investment, and disrupted businesses' operations and the supply of labour and inputs.

As a result of COVID-19, the poverty rate could increase from 22.4 percent in FY2018/19 to 27 percent in FY20/21 and return to pre-crisis level in FY21/22 at the earliest. The first wave already forced many poor households to adopt risky and unsustainable mechanisms to buffer the shock, including reducing their daily food consumption. Even before the second wave hit in late-August, many households were struggling to repay their debts. The ongoing restrictions under the second wave put more households at risk of entering poverty.

Due to the ongoing impacts of the pandemic, economic growth is projected to remain subdued at 2 percent in FY20/21. But provided mobility restrictions are gradually relaxed and cases of local transmission of the virus slow, the economy is projected to slowly recover from March 2021 onwards. The medium-term outlook is positive – supported by public investment, a resurgence in manufacturing, and productivity gains associated with the adoption of digital technology – with growth estimated to recover to 7 percent on average. (World Bank, 2020)

The diagram below shows Myanmar's industry contribution to Gross Domestic Product (GDP) in 2018. The largest industry contributors were:

- Mining, manufacturing, and utilities: 29%
- Agriculture, hunting, forestry fishing: 26% and
- Wholesale and retail trade, restaurant, and hotels: 20%.



Source: UNCTAD, 2018

## 2.3 Doing Business in Myanmar

According to the 2020 World Bank Doing Business index, Myanmar's relative strengths lie in dealing with construction permits (46th) and starting a business (70th). Myanmar ranked 165 overall out of 190 countries monitored in terms of doing business.

MYANMAR'S EASE O	F DOING BUSINESS, 2020
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES
Starting a Business	70
Dealing with Construction Permits	46
Getting Electricity	148
Registering Property	125
Getting Credit	181
Protecting Investors	176
Paying Taxes	129
Trading Across Borders	168
Enforcing Contracts	187
Resolving Insolvency	164
Doing Business 2020	165

Source: World Bank Ease of Doing Report, 2021

## 2.4 Risk Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating".

Source: Investopedia

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

As of date Myanmar none of the credit rating agencies have issued a rating, and it remains unclear when the first credit ratings will be achieved. It is said that this all depends on the government's goals and the speed at which quality and relevant data and information can be collected and analysed by the ratings agencies.

Turning to risk, a number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company which offers these services is Belgium's Delcredereducroire, the country's official export credit agency and public credit insurer.

The table below shows Delcredereducroire's current risk assessment of Myanmar in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risk associated with export transactions in Myanmar, these are deemed to be high in the short, medium, and long-term.
- Commercial risk in turn is high in terms levels of risk.

Regarding direct investments, risks associated with all the categories are high as indicated by scores awarded below.

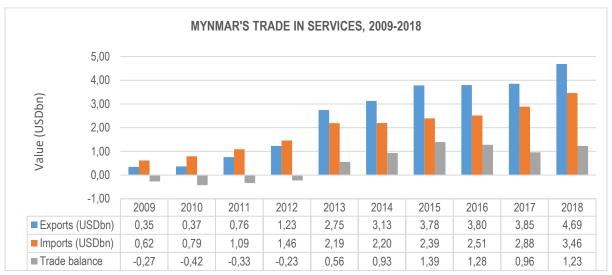
MYANMAR'S RISK ASSESSMENT - Delcredereducroire					
EXPORT TRANSACTIONS - (Scale 1 – 7) *					
	Short Term	4			
Political Risks	Medium-Long term	6			
mmercial Risk RECT INVESTMENTS	Special Transactions	5			
Commercial Risk	С	С			
DIRECT INVESTMENTS					
Political violence risk	5				
Expropriation Risk	6				
Currency Inconvertibility & Transfer Restriction Risk	6				
* Where 1 is asso	ciated with the least risk and 7 the most.				
** Where B is associate	d with mid risk; A is low risk and C is high risk.				

Source: World Bank, 2021

## 3. Trade

## 3.1 Global Trade in Services

Myanmar's global trade in services illustrated a surplus in trade from 2009 to 2018. The graph below illustrates that the exports increase by 11,69% year-on-year from USD3,13bn in 2014 to USD4,69bn in 2018. Looking at services imports, Myanmar's imports gradually increased to just below service exports receipts throughout the period analysed, resulting in a trade surplus of USD1,23bn in 2018.



Source: Trademaps, 2021

The table below shows Myanmar's global trade in services in 2018. Travel services were the leading services exported by Myanmar valued at USD1,65bn followed by manufacturing services on physical inputs owned by others valued at USD1,21bn and other business services valued at USD940,00m, respectively. Transportation services was the largest import service into Myanmar valued at USD1,54bn followed by other business services (USD1,10bn) and the construction sector valued USD252,03m.

TOP 1	<b>0 SERVICES EXPORTE</b>	BY MYANM	AR 2018	TOP 1	O SERVICES IMPORTED	BY MYANM	AR 2018
CODE	SERVICE	VALUE 2018 (USDm)	% GROWTH 2014- 2018	CODE	SERVICE	VALUE 2018 (USDm)	% GROWTH 2014- 2018
4	Travel	1,65	51,54%	3	Transport	1,54	14,47%
10	Manufacturing services on physical inputs owned by others	1,21	-	10	Other business services	1,10	40,55%
3	Other business services	0,94	25,57%	4	Construction	0,25	-
9	Transport	0,38	15,37%		Telecommunications, computer, and information services	0,18	208,22%
7	Government goods and services	0,23	-	1	Travel	0,09	23,44%
1	Construction	0,15	-	7	Government goods and services	0,08	168,28%
8	Telecommunications, computer, and information services	0,07	-	8	Maintenance and repair services	0,06	
5	Personal, cultural, and recreational services	0,04	-	11	Insurance and pension services	0,05	-5,80%
2	Maintenance and repair services.	0,02	18,70%	6	Charges for the use of intellectual property	0,05	

TOTAL EX	KPORTS	4,69	11,69%	TOTAL IN	MPORTS	3,46	9,80%
6	Insurance and pension services	0,00	45,30%	12	Manufacturing services on physical inputs owned by others	0,00	-13,26%
12	Charges for the use of intellectual property	0,00		5	Financial services	0,00	
11	Financial services	0,01	32,24%	2	Personal, cultural, and recreational services	0,04	1577,50%

Source: Trademaps, 2021

#### 3.2 Global Trade of Products

Myanmar's global trade in products illustrated a negative trade balance from 2013 to 2019. The graph below illustrates that exports increased by 9.78% from USD11,43bn in 2018, to USD18,00bn in 2019. Turning to imports into Myanmar, imports were less than exports, this resulted in a trade deficit in the period analysed.



Source: TradeMaps, 2021

Mineral fuels, mineral oils and products of their distillation category dominated Myanmar exports in 2019 at a value of USD4, 35bn. Articles of apparel and clothing accessories were placed second valued of USD3,78bn. Articles of apparel and clothing accessories came in third place with exports reaching USD1,25bn.

Mineral fuels, mineral oils and products of their distillation also dominated imports into Myanmar in 2019 at a cost of USD3.69bn. Machinery, mechanical appliances, nuclear reactors, boilers placed second at a cost of USD1.73bn. Electrical machinery and equipment and parts thereof came in third place with imports reaching USD1,25bn.

T	OP 10 PRODUCTS EXPORTE	D BY MYANI	MAR 2019	TOP 10 PRODUCTS IMPORTED BY MYANMAR 2019				
RANK	PRODUCT	VALUE 2019 (USDbn)	% GROWTH (avg.; USD terms) 2015- 2019	RANK	PRODUCT	VALUE 2019 (USDbn)	% GROWTH (avg.; USD terms) 2015-2019	
1	Mineral fuels, mineral oils, and products of their distillation	4.35	0.75%	1	Mineral fuels, mineral oils, and products of their distillation	3.69	12.79%	
2	Articles of apparel and clothing accessories	3.78	38.32%	2	Machinery, mechanical appliances, nuclear reactors, boilers;	1.73	-3.57%	
3	Articles of apparel and clothing accessories,	1.25	116.53%	3	Electrical machinery and equipment and parts thereof	1.25	12.14%	
4	Cereals	1.02	8.49%	4	Vehicles other than railway or tramway rolling stock	1.14	-11.52%	

TOTAL PRODUCTS EXPORTS		18.00	9.78%	TOTAL	. PRODUCTS IMPORTS	18.58	3.24%
10	Footwear	0.47	50.06%	10	Articles of iron or steel	0.48	-3.82%
9	Edible fruit and nuts	0.67	31.85%	9	Animal or vegetable fats and oils	0.54	-1.42%
8	Fish and crustaceans, molluscs	0.77	12.99%	8	Pharmaceutical products	0.56	15.80%
7	Copper and articles thereof	0.81	48.05%	7	Plastics and articles thereof	0.82	10.36%
6	Natural or cultured pearls	0.82	9.15%	6	Man-made staple fibres	0.86	27.06%
5	Edible vegetables and certain roots and tubers	0.97	4.90%	5	Iron and steel	0.93	-1.11%

Source: TradeMaps,2021

China was the leading export market valued at USD5,71bn. The two neighbouring countries share strong historical ties and are said to be 'born' nearly at the same time. Myanmar gained its independence from Britain in 1948, and the Chinese Communist Party founded the People's Republic of China in 1949. In 1959 the two states stablished diplomatic relations in which led to the signing of a border treaty in 1960. China was followed by Thailand (USD3,23bn) and Japan (USD1,43bn). Of the top ten markets Netherlands (96,88%) had the highest growth rate over the reviewed period.

TOP 10	TOP 10 DESTINATION MARKETS FOR MYANMAR'S EXPORTS, 2019								
RANK	COUNTRY	VALUE 2019 (USDbn)	% GROWTH 2015-2019						
1	China	5,71	7,39%						
2	Thailand	3,23	-0,88%						
3	Japan	1,43	25,58%						
4	United States	0,83	83,27%						
5	Germany	0,64	64,54%						
6	India	0,64	-3,41%						
7	Spain	0,55	81,08%						
8	United Kingdom	0,54	88,92%						
9	Korea, Republic of	0,53	10,71%						
10	Netherlands	0,48	96,88%						
TOTAL I	EXPORTS	18,00	9,78%						

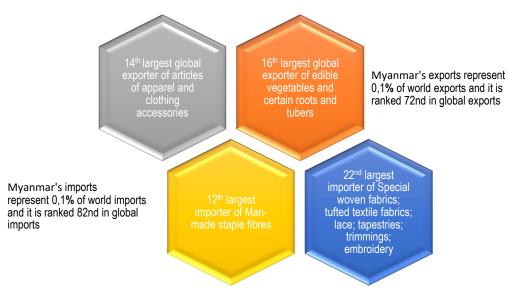
Source: TradeMap,2021

China was Myanmar's main import market with imports valued at USD6,45bn followed by Singapore USD3,39bn) and Thailand (USD2,17m).

TOF	10 SOURCE MARKETS	FOR MYANMAR'S EXP	ORTS, 2019
RANK	COUNTRY	VALUE 2019 (USDbn)	% GROWTH 2015-2019
1	China	6,45	6,11%
2	Singapore	3,39	1,27%
3	Thailand	2,17	7,47%
4	Malaysia	0,94	5,43%
5	Indonesia	0,91	13,11%
6	India	0,70	12,83%
7	Vietnam	0,62	23,01%
8	Japan	0,50	-20,60%
9	Korea	0,45	0,26%
10	United States	0,35	41,05%
TOTAL I	EXPORTS	18,58	3,24%

Source: TradeMap,2021

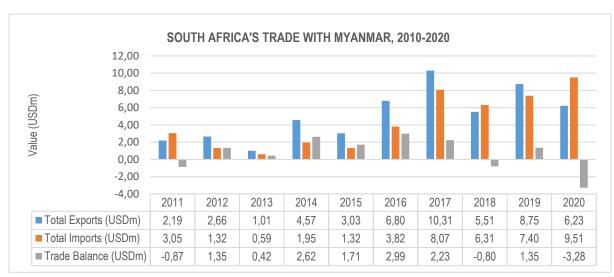
The hexagons below show Myanmar's competitive advantage in trade:



Source: TradeMap, 2021

## 3.3 South African Trade with Myanmar

Between 2016 and 2020, South African exports to Myanmar decreased year-on-year by 31,90% to reach USD6,23m in 2020 from USD8,80m in 2015, while imports increased by 65,07% y-o-y to reach USD9,51m in 2020 over the same period.



Source: TradeMaps,2021

In 2020, coal was the leading export product from South Africa to Myanmar valued at USD1,91m. Transmission apparatus for radiobroadcasting or television were placed second at a value of USD1,86m, followed by pre-shave, shaving or after-shave preparations, personal deodorants at a value of USD403 980. South Africa's fastest growing export product categories to Myanmar over the ten-year period leading up to and including 2020 were citrus fruit, with an average growth of 185,75%, followed by beauty or make-up preparations and preparations for the care of the skin, with an average growth of 51,64%.

Rice dominated South African imports from Myanmar in 2020 at a cost of USD1.92m. Other footwear with outer soles and uppers of rubber or plastics were placed second at a cost of USD1,22m. Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials at a value of USD793 861.

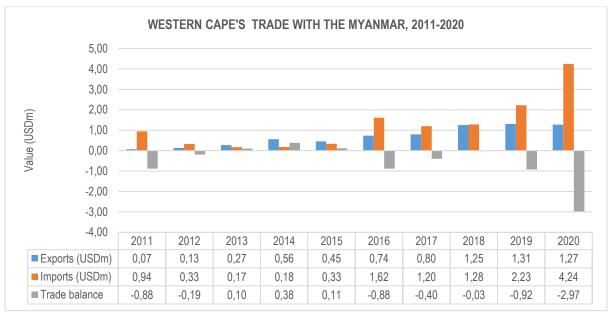
South Africa's fastest growing import product category from Myanmar over the ten-year period leading up to and including 2020 was trunks, suitcases, vanity-cases, executive-cases, briefcases, school satchels (711,12%%). Followed by dried leguminous vegetables (165,71%).

sol	ITH AFRICA'S TOP 10 EXPORTS	TO MYANMAF	R, 2020	SOUTH	AFRICA'S TOP 10 IMPORT 2020	S FROM MY	ANMAR,
RANK	PRODUCT (HS 4)	VALUE 2020 (USDm)	% GROWT H 2016- 2020	RANK	PRODUCT (HS 4)	VALUE 2020 (USD m)	% GROWT H (avg.) 2016- 2020
1	Coal	1,91	•	1	Rice	1,92	-
2	Transmission apparatus for radiobroadcasting or television	1,86	-	2	Other footwear with outer soles and uppers of rubber or plastics	1,22	-
3	Pre-shave, shaving or after- shave preparations, personal deodorants	0,40	-	3	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	0,79	1
4	Citrus fruit	0,39	185,75%	4	Trunks, suitcases, vanity-cases, executive- cases, briefcases, school satchels	0,67	711,12%
5	Beauty or make-up preparations and preparations for the care of the skin	0,26	51,64%	5	Fish, frozen, excluding fish fillets and other fish meat of heading 03.04	0,65	23,15%
6	Maize (corn)	0,21	-	6	Jerseys, pullovers, cardigans, waistcoats, and similar articles, knitted or crocheted	0,64	63,19%
7	Fruit, nuts, and other edible parts of plants	0,20	1	7	Women's or girls' suits, ensembles, jackets, blazers, dresses etc.	0,45	35,91%
8	Polymers of propylene or of other olefins, in primary forms	0,15	-	8	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	0,27	24,82%
9	Wine of fresh grapes	0,14	-1,59%	9	Dried leguminous vegetables	0,24	165,71%
10	Telephone sets	0,11	-	10	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	0,21	47,26%
	EXPORTS	6,23	31,90%	TOTAL I	MPORTS	9,51	65,07%

Source: TradeMap, 2021

## 3.4 Western Cape Trade with Myanmar

Myanmar was the more dominant trade partner and recorded trade surpluses from 2016 to 2020. From 2016 to 2020, exports grew by 26,25% from USD 737 514 to USD1,27m and imports also increased by 105,70% from USD330,000 to USD4,24m.



Source: TradeMaps, 2021

In 2020, Citrus fruit were the leading export product from the Western Cape to Myanmar valued at USD365 365. Beauty or make-up preparations and preparations of skin were ranked second valued at USD244 253. This was followed by fruit, nuts and other edible parts of plants valued at USD 218, 320.

Other footwear with outer soles and uppers of rubber or plastic was the leading export product valued at USD1,06m. Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials were valued at USD777 640. The Western Cape imported mostly products textile products from Myanmar.

TOP 10	WESTERN CAPE'S EXP	ORTS TO MYA	NMAR, 2020	TOP 10	TOP 10 WESTERN CAPE'S IMPORTS FROM MYANMAR, 2020				
RANK	PRODUCT (HS 4)	VALUE 2020 (USD'000)	% GROWTH (avg.) 2016-2019	RANK	PRODUCT (HS 4)	VALUE 2020 (USD'000)	% GROWT H (avg.) 2016- 2020		
1	Citrus fruit, fresh or dried	365,37	-	1	Other footwear with outer soles and uppers of rubber or plastics	1 057,16	-		
2	Beauty or make-up preparations and preparations for the care of the skin	244,25	48,43%	2	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	777,64	-		
3	Fruit, nuts, and other edible parts of plants	218,32	-	3	Jerseys, pullovers, cardigans, waistcoats, and similar articles, knitted or crocheted	604,40	67,42%		
4	Wine of fresh grapes	139,79	-3,02%	4	Women's or girls' suits, ensembles, jackets, blazers, dresses etc.	332,61	41,18%		
5	Fruit juices	79,11	31,13%	5	Trunks, suitcases, vanity- cases, executive-cases, briefcases, school satchels	285,41	8921,15 %		
6	Pharmaceutical goods	68,38	-	6	Men's or boys' suits, ensembles, jackets, blazers, trousers etc.	160,13	72,05%		
7	Instruments and appliances used in medical, surgical, dental, or veterinary sciences, including	59,33	-	7	Men's or boys' shirts, knitted or crocheted	133,32	-		

1	2
L	3

TOTAL EXPORTS		1 273,40	26,25%	TOTAL II	MPORTS	4 243,73	105,70%
10	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter, or flavoured	14,89	1	10	Men's or boys' suits, ensembles, jackets, blazers, trousers etc.	69,04	63,50%
9	Grapes, fresh or dried	29,24	42876,74 %	9	Women's or girls' overcoats, car-coats, capes, cloaks, anoraks	80,83	87,34%
8	Other live animals	38,42	-	8	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts etc.	83,81	54,57%
	scintigraphy apparatus						

Source: Quantec, 2021

## 3.5 Tariffs

Tariffs imposed on South African exports to Myanmar for 2019 are listed below. These tariffs are listed by the importing country i.e., Myanmar.

TA	RIFFS IMP	OSED ON SOUTH AFRICAN EXPOR	TS BY MY	ANMAR, 2019	
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	16	H65: Headgear and parts thereof	9
H02: Meat and edible meat offal	15	H34: Soaps, lubricants, waxes, candles, modelling pastes	3	H66: Umbrellas, walking-sticks, seat-sticks, whips	10
H03: Fish, crustaceans, molluscs, aquatic invertebrates	9	H35: Albuminoids, modified starches, glues, enzymes	2	H67: Bird skin, feathers, artificial flowers, human hair	10
H04: Dairy products, eggs, honey, edible animal product	4	H36: Explosives, pyrotechnics, matches, pyrophorics	4	H68: Stone, plaster, cement, asbestos, mica, articles	3
H05: Products of animal origin	5	H37: Photographic or cinematographic goods	9	H69: Ceramic products	2
H06: Live trees, plants, bulbs, roots, cut flowers	3	H38: Miscellaneous chemical products	1	H70: Glass and glassware	5
H07: Edible vegetables and certain roots and tubers	8	H39: Plastics and articles thereof	2	H71: Pearls, precious stones, metals, coin	18
H08: Edible fruit, nuts, peel of citrus fruit, melons	15	H40: Rubber and articles thereof	3	H72: Iron and steel	1
H09: Coffee, tea, mate, and spices	5	H41: Raw hides and skins (other than fur skins) and leather	7	H73: Articles of iron or steel	2
H10: Cereals	2	H42: Articles of leather, animal gut, harness, travel goods	8	H74: Copper and articles thereof	7
H11: Milling products, malt, starches, inulin, wheat gluten	5	H43: Fur skins and artificial fur, manufactures thereof	13	H75: Nickel and articles thereof	3
H12: Oil seed, oleagic fruits, grain, seed, fruit,	1	H44: Wood and articles of wood, wood charcoal	13	H76: Aluminium and articles thereof	2
H13: Lac, gums, resins, vegetable saps and extracts	6	H45: Cork and articles of cork	10	H78: Lead and articles thereof	1
H14: Vegetable plaiting materials, vegetable products	6	H46: Manufactures of plaiting material, basketwork, etc.	6	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	2	H47: Pulp of wood, fibrous cellulosic material, waste	3	H80: Tin and articles thereof	1
H16: Meat, fish, and seafood food preparations	11	H48: Paper & paperboard, articles of pulp, paper, and board	3	H81: Other base metals, cermets, articles thereof	2
H17: Sugars and sugar confectionery	3	H49: Printed books, newspapers, pictures	1	H82: Tools, implements, cutlery, of base metal	3
H18: Cocoa and cocoa preparations	16	H50: Silk	17	H83: Miscellaneous articles of base metal	6
H19: Cereal, flour, starch, milk preparations and products	11	H51: Wool, animal hair, horsehair yarn and fabric thereof	10	H84: Nuclear reactors, boilers, machinery	2
H20: Vegetable, fruit, nut food preparations	15	H52: Cotton	2	H85: Electrical, electronic equipment	3

H21: Miscellaneous edible preparations	14	H53: Vegetable textile fibres paper yarn, woven fabric	3	H86: Railway, tramway locomotives, rolling stock, equipment	2
H22: Beverages, spirits, and vinegar	32	H54: Manmade filaments	9	H87: Vehicles other than railway, tramway	10
H23: Residues, wastes of food industry, animal fodder	3	H55: Manmade staple fibres	8	H88: Aircraft, spacecraft, and parts thereof	1
H24: Tobacco and manufactured tobacco substitutes	24	H56: Wadding, felt, nonwovens, yarns, twine, cordage	12	H89: Ships, boats, and other floating structures	2
H25: Salt, sulphur, earth, stone, plaster, lime, and cement	2	H57: Carpets and other textile floor coverings	14	H90: Optical, photo, technical, medical apparatus	2
H26: Ores, slag, and ash	1	H58: Special woven or tufted fabric, lace, tapestry	14	H91: Clocks and watches and parts thereof	8
H27: Mineral fuels, oils, distillation products,	2	H59: Impregnated, coated, or laminated textile fabric	6	H92: Musical instruments, parts, and accessories	10
H28: Inorganic chemicals, precious metal compound, isotopes	1	H60: Knitted or crocheted fabric	12	H94: Furniture, lighting, signs, prefabricated buildings	10
H29: Organic chemicals	1	H61: Articles of apparel, accessories, knit or crochet	17	H95: Toys, games, sports requisites	7
H30: Pharmaceutical products	1	H62: Articles of apparel, accessories, not knit or crochet	15	H96: Miscellaneous manufactured articles	8
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	10	H97: Works of art, collectors' pieces, and antiques	3
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	5	H64: Footwear, gaiters and the like, parts thereof	5		

Source: TradeMaps, 2021

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are <u>average</u> tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

## 3.6 Standards and regulations

The primary organisations that set and enforce technical regulations are:

- Inland Water Transport Department (under the Ministry of Transport and Communications) sets and enforces standards for water vehicle safety and operation (spot checked).
- Myanmar Engineers Association, which has some private sector membership, is working on establishing building codes and standards (though they do not yet exist comprehensively).
- Road Transport Administration Department (under the Ministry of Transport and Communications) sets and enforces standards for motor vehicle safety and emissions (checked annually).
- The Department of Research and Innovation (DRI) (under the Ministry of Education) maintains a standards library with national and international standards references and is the designated contact point for standardization issues.
- The Ministry of Health's Food and Drug Board of Authority (FDBA), oversees the national Food and Drug Administration (FDA) and its provincial and township affiliates. The FDBA and FDA are responsible for promulgating and enforcing regulations and standards in the food and pharmaceutical industries (including imports).
- The Ministry of Health's Public Health Department, in cooperation with various city governments (or "Development Committees"), is responsible for licensing and enforcing hygiene standards at restaurants and street stalls.
- The Timber Certification Committee of Myanmar (TCCM) is the national governing body to monitor timber certification and distribute Myanmar timber to the international market.
- The Yangon City Development Committee (YCDC), Yangon's municipal government, is responsible for establishing weights and measures used countrywide and for enforcing violations of metrology standards.

## 3.7 Key trade contacts

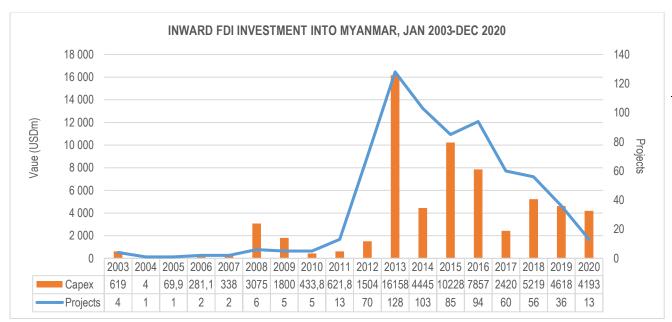
	KEY TRADE CONTACTS IN MYANMAR, 2021								
Contact	Address	Website							
Myanmar Embassy	Postal Address: PO Box 12121, Queenswood,	https://www.gov.za/about-government/contact-							
Ambassador: Mr.	0121. Street Address: 201 Leyds Street, Arcadia,	directory/foreign-reps/foreign-reps/myanmar-union-							
Myint Swe, HE	Pretoria.	embassy#							
South African	12th A Floor, M Thai Tower, All Seasons Place,								
embassy in	87 Witthayu Rd, Lumphini, Pathum Wan District,	http://www.dirco.gov.za/bangkok/							
Thailand	Bangkok 10330, Thailand								

Source: Dirco, 2021

## 4 Foreign Direct Investments

## 4.1 Inward Global FDI to Myanmar

Between January 2003 and December 2020 684 foreign direct investment (FDI) projects were recorded into Myanmar. These projects represented a total capital investment (capex) of USD63,24bn, which equated to an average investment of USD97,9m per project. Over the reviewed period, 120 632 jobs were created.



Source: FDI intelligence, 2021

Japan was the largest source market for project investments into Myanmar with 152 projects. Thailand and Singapore were the second and third largest source markets for Myanmar with 71 and 54 investment projects, respectively.

	TOP 10 SOURCE MARKETS FOR FDI INTO MYANMAR, JAN 2003 –DEC 2020									
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDM)	% CAPEX	JOBS				
1	Japan	152	23,53%	17,612	27,85%	28 018				
2	Thailand	71	10,99%	9,4125	14,88%	10 368				
3	Singapore	54	8,36%	2,6806	4,24%	7 552				
4	South Korea	35	5,42%	4,6183	7,30%	14 153				
5	China	30	4,64%	10,4758	16,56%	7 810				
6	United States	30	4,64%	2,198	3,48%	2 494				
7	Vietnam	29	4,49%	2,9296	4,63%	7 075				
8	Malaysia	27	4,18%	1,5462	2,44%	5 372				

1	6

services

15%

**Business** 

services

12%

n &

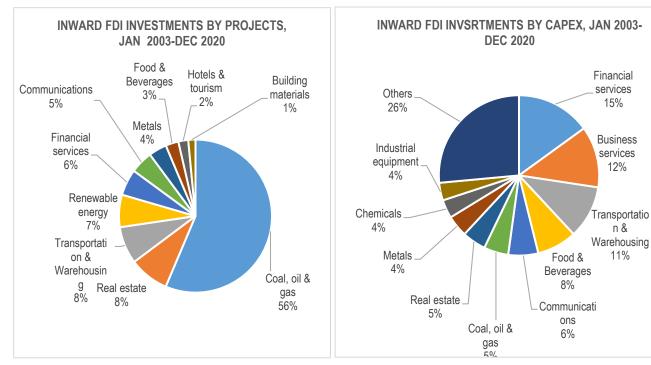
11%

9	United Kingdom	26	4,02%	0,4976	0,79%	4 561
10	Taiwan	21	3,25%	0,871	1,38%	5 059
TOTAL		646	100,00%	63,2	100,00%	120 632

Source: FDI intelligence, 2021

The figures below show the global inward FDI into Myanmar by sector and number of projects and capex. In terms of projects the coal, oil and gas sector were the leading recipient sector with 56% share followed by real estate and transportation and warehousing services with a contribution of 8%, respectively.

In terms of capital expenditure, the financial services sector (15%) was the leading recipient followed by the business services sector (12%) and the transportation sector and warehousing sector (11%).



Source: FDI intelligence, 2021

The table below shows the largest companies investing in Myanmar between January 2003 and December 2020.

	TOP 10 COMPANIES INVESTING IN MYANMAR, JAN 2003-DEC 2020									
RANK	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)	JOBS CREATED					
1	Mitsui & Co	Chemicals	6	115,8	450					
2	Bagan Capital	Financial services	4	122,4	244					
3	C.T Group	Real estate	4	201,8	1183					
4	EGAT International	Coal, oil & gas	4	3 267,2	208					
5	Mitsubishi Corporation	Industrial equipment	4	9 878,2	891					
6	Asia Tech Image	Electronic components	3	200,6	1072					
7	China Certification & Inspection (CCIC)	Business services	3	24,3	33					

8	China National Technical Import and Export Corporation	Coal, oil & gas	3	3 446,4	291
9	Daewoo International	Metals	3	749,4	988
10	Damco	Transportation & Warehousing	3	208,6	346
TOTAL			646	63 241	120 632

Source: FDI intelligence, 2021

## 4.2 Outward FDI from Myanmar

Between January 2003 and December 2020, a total of 11 outward FDI projects were recorded from Myanmar. These projects represent a total capital investment of USD401,9m which is an average investment of USD36,54m per project. During the period, a total of 717 jobs were created.

		OUTWARD	FDI FROM MYANMA	R, JAN 2002- DEC	2020		
Project date	Investing company	Destination country	Sector	Cluster	Activity	Capex (USDm)	Jobs created
Dec 2019	Myanmar Survey Research	Japan	Business services	Creative Industries	Business Services	8,1	11
Sep 2019	Recyglo	Malaysia	Business services	Environmental Technology	Business Services	8,1	22
Jul 2016	Kanbawza Bank	Malaysia	Financial services	Financial Services	Business Services	0,7	27
Jun 2016	Royal Express	Thailand	Transportation & Warehousing	Transportation & Warehousing	Sales, Marketing & Support	51,6	30
Jun 2016	Royal Express	Singapore	Transportation & Warehousing	Transportation & Warehousing	Sales, Marketing & Support	51,6	5
Jun 2016	Royal Express	Malaysia	Transportation & Warehousing	Transportation & Warehousing	Sales, Marketing & Support	51,6	30
Dec 2013	Shwe Taung	Algeria	Building materials	Construction	Manufacturing	139,9	351
Sep 2011	Myanmar Investment Commerce Bank (MICB)	Thailand	Financial services	Financial Services	Business Services	34,8	64
Sep 2011	Myanmar Foreign Trade Bank (MFTB)	Malaysia	Financial services	Financial Services	Business Services	0,7	29
Sep 2011	Myanmar Economic Bank	Singapore	Financial services	Financial Services	Business Services	34,8	73
Oct 2007	Scansia	Vietnam	Wood products	Wood, Apparel & Related Products	Manufacturing	20	75
TOTAL						401,9	717

Source: FDI intelligence, 2021

Agribusiness Opportunities:

There was no FDI investment between South Africa and Myanmar.

## WESTERN CAPE INVESTMENT OPPORTUNITIES FOR MYNMAR COMPANIES, 2017

- Niche markets such as biltong, herbal tea and ostrich meat are likely to find a burgeoning global audience among healthconscious consumers.
- The increasing use of genetically modified crops will help to significantly improve yields and output.
- Corn production would benefit from a decision to lift the ban on the use of the crop for biofuel.
- Sugar consumption is set to rise and, along with disposable incomes, there will be growth in the fast food and casual dining
  industries.
- Development of food supply chain technologies especially in food safety
- Growing and exporting of cut and dried flowers.
- Expand domestic fruit juice concentrate production.
- Extend production of organic products for domestic and export markets.
- Expand production of honey bush teas to meet growing consumer demand.
- Expand production and processing of ostrich products.
- Expand production of high-quality wines for export and establish boutique cellars.
- Modernise and expand wine and beverage production facilities.
- Expand packaging, freezing and canning facilities for export products.
- Cuniculture (Rabbit farming).
- Agri tourism
- Cold storage facilities
- Multiple opportunities in agribusiness value chain
- Per capita food consumption is forecast to grow dynamically over our forecast period, opening expansion opportunities for existing companies.
- A few food segments remain underdeveloped and would benefit from further investment.
- Many industry sub-sectors, such as energy drinks, tea, and coffee, are far from saturated and would benefit from further investment.
- Rising health-consciousness is boosting demand for low-calorie soft drinks.
- Scope for growth in high-end premium retailing as South Africa gets richer over the long term.

## **ICT Opportunities:**

- In the personal devices market vendors will be able to tap demand from first-time buyers and in the upgrade/replacement market as the economic environment becomes more supportive.
- Improvements to network infrastructure an enabler for device sales, as well as wider adoption of cloud services and smart infrastructure.
- Potential for South Africa to become a cloud services hub in the region due to relative strengths in network connectivity and legal environment. Strong private investment in key industry verticals, including financial services, retail, and manufacturing.
- Vibrant small- and medium-sized business sector will sustain demand for IT products and services.

#### Oil & Gas

- Considerable offshore exploration opportunities with major companies involved in upstream activity.
- Shale gas resources in the Karoo Basin are thought to be among the largest in the world.
- Coal-bed methane potential in the Karoo, with positive pilot production displaying upside potential.
- The potential development of the LNG IPP Programme presents notable upside to gas imports.
- The proposed separation of oil and gas regulation from legislation covering the mining industry could provide greater regulatory clarity.
- Considerable offshore exploration opportunities in South Africa
- Shale gas resources in Karoo Basin
- Services facility: Port development and management.
- Onshore and offshore maintenance
- Pipeline engineering and construction (both subsea and onshore):
- Lack of gas infrastructure: LNG facilities plant required: over reliance on imports and Eskom needed to reduce reliance on diesel due to costs and shift towards gas.
- Upgrading of refineries required to meet standards.
- Building a new refinery as future forecast is that the consumption will outstrip production.
- Storage facilities

## **Real Estate Opportunities:**

- Good retail sales, despite a slowing economy, reveal potential for relevant commercial unit developments, as well as distribution space
- A developing REIT market will attract foreign investment further down the line.
- The anticipated rebound in GDP growth indicates potential for the broader commercial real estate market, amid improving demographics.
- Building of boutique hotels (5-star, 4 star and 3 star) due to growing tourism market

## Electronics Opportunities:

- Suppliers of parts and components for wind turbines and photo voltaic
- Manufacture of automotive components
- Manufacture of electronic components
- Manufacture of consumer electronics

For more information on this publication and other Wesgro publications please contact <a href="mailto:research@wesgro.co.za">research@wesgro.co.za</a> or for more publications visit the Wesgro publications portal on our website at <a href="mailto:http://wesgro.co.za/publications">http://wesgro.co.za/publications</a>

Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2021.