

Since its transition to a democracy in 2011, Myanmar is in the midst of an economic transformation, aiming to attract foreign investment and reintegrate itself into the global economy. Thanks in part to its abundant natural resources, gross domestic product (GDP) is expected to grow by a healthy 6.9 percent a year between 2014–2019, up from an estimated 5.5 percent in 2013–2014. Greater inflows of foreign capital should support the expansion in real GDP, helping one of Asia's poorest countries to improve living standards for all citizens.

Myanmar

High Growth Markets country profile

Country overview

Geography and climate

- **Location:** in South-eastern Asia, bordering the Andaman Sea and the Bay of Bengal, between Bangladesh and Thailand
- **Climate:** tropical monsoon; cloudy, rainy, hot, humid summers (southwest monsoon, June to September); less cloudy, scant rainfall, mild temperatures, lower humidity during winter (northeast monsoon, December to April)
- **Regions:** 7 regions and 7 states
- **Major cities (2009 figures):** Rangoon (4.26 million); Mandalay (1.0 million); Nay Pyi Taw (1.0 million) (2009 figures)

Political system

- **Type of government:** parliamentary democracy
- **Capital:** Rangoon (Yangon)

Population, language and religion

- **Population:** 64.9 million (2013 – International Monetary Fund (IMF) figures)
- **Urban population:** 32.6%
- **Demographics:** 0–14 years: 26.4%; 15–64 years: 66.7%; 65 years and over: 5.2%
- **Official language:** Burmese
- **Prominent religions:** Buddhist, Christian, Muslim, Animist

Currency and central banking

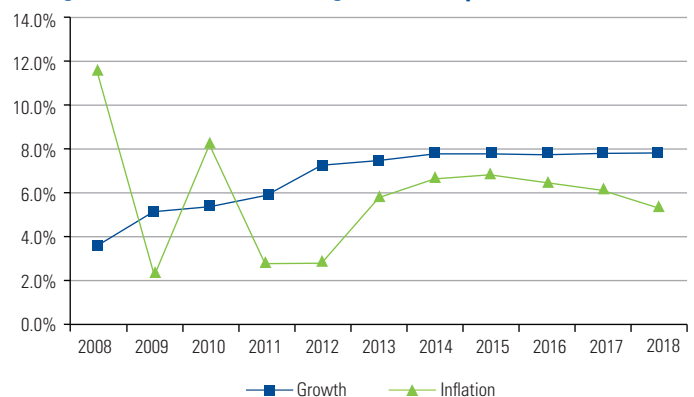
- **Local currency:** Myanmar Kyat (MMK)
- **Exchange rate:** 1 MMK = US\$0.0010
- **Foreign exchange reserves:** US\$8.278 billion
- **Total debt (2013):** external: US\$5.379 billion

Business environment

Economic environment

- **GDP in 2013 was US\$111.1 billion.** Average annual real GDP growth should increase to 6.9 percent in the fiscal years 2014–2015 to 2018–2019, from an estimated 5.5 percent in 2013–2014. Greater inflows of foreign investment are likely to support the expansion in real GDP.
- **Foreign direct investment (FDI) (billions):** Net inflows: US\$0.9 (2010); US\$1.1 (2011); US\$2.2 (2012)
- **Exports free on board (FOB) (billions):** US\$9.0 (2013); US\$10.3 (2014); US\$23.1 (2018)
- **Imports FOB (billions):** US\$10.2 (2013); US\$12.5 (2014); US\$28.5 (2018)
- **Sector breakdown:** service: 41.7%; industrial: 20.3%; agriculture: 38% (2013 estimate)
- **Trade balance (billions):** deficit of US\$2.7 (2013); US\$3.7 (2014); US\$7.1 (2018 forecast)
- **Stock exchanges:** Myanmar Securities Exchange Centre (MSEC)

GDP growth and inflation (average consumer price index (CPI))



Source: International Monetary Fund, 2014

Investment climate

Key considerations

- **Fiscal and monetary policy:** The government will continue to pursue a wide-ranging program of reform, with a focus on economic expansion and alleviating poverty. Multilateral agencies have re-established their presence in the country and will increase their support for the government's efforts. The IMF already provides extensive policy advice and technical assistance on economic reform, and in January 2014 the World Bank announced a US\$2 billion aid program to improve healthcare and electricity provision. In 2014–2018 many further changes are planned, including new legislation on mining and banking.
- **Competition policy:** Fair competition among companies has become a major priority, to hasten the path towards economic liberalization and protect the interests of consumers. Although some national laws contain provisions for consumer rights, there is no dedicated legislation. And although the new constitution has a provision for fair competition, there is no comprehensive law on competition. The consumer protection law will cover foods, drugs and commodities such as refrigerators and cars.
- **FDI policy:** Foreign direct investment grew from US\$1.9 billion in 2011–2012 to US\$2.7 billion in 2012–2013. Most of this funding went into the energy sector, the garment industry, and the information technology and food and beverages sectors. The FDI Law restricts or prohibits foreign investment in a range of industries “that can be carried out by citizens,” such as agriculture, livestock, fisheries and manufacturing and services. It also limits foreign investment in sectors that could affect the natural environment and public health. However, the regulations do permit 20 percent foreign ownership in a firm in these sectors, so long as a citizen of Myanmar owns the remaining 80 percent.
- **Foreign trade and exchange controls:** The economic reform process continues, with an emphasis on removing further regulatory restrictions to trade and investment, improving the provision of essential backbone services and reducing corruption in order to improve Myanmar's business environment. The government has also relaxed restrictions on trading in foreign exchange by local private banks and eased the withdrawal of foreign exchange by foreign nationals.
- **Taxes:** A registered Myanmar branch of a foreign entity that does not enjoy incentives under the Myanmar Foreign Investment Law (MFIL) is subject to income tax at 35 percent — as are other non-resident entities. Commercial tax for specified services is applied at 5 percent of gross sales. Myanmar has a progressive tax system with a top personal tax rate of 20 percent for resident citizens, rising to 30 percent for resident foreigners. Non-resident foreigners are subject to a flat tax rate of 35 percent. Immovable property situated in Yangon is subject to property taxes, covering general tax, lighting tax, water tax and conservancy tax.

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Sources: Economist Intelligence Unit, 2014; Central Intelligence Agency, 2014; Stock Exchange, 2014; IMF, 2014; World Bank, 2014; KPMG Report

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