

Keynote Address

At the

Myanmar Global Investment Forum 2018

Date: 11th September 2018, Time 9:00 am

Venue: MICC-2, Nay Pyi Taw

Excellencies, Union Ministers, Deputy Ministers,

Mr. Tony Shale, Chief Executive Officer, Asia,

Euromoney Institutional Investor,

Distinguished Speakers,

Esteemed Guests, Ladies and Gentlemen,

Good morning!

It is an honor and a pleasure for me to welcome all of you to the Myanmar Global Investment Forum here in Nay Pyi Taw that is jointly organized by Myanmar Investment Commission and the Euromoney Institutional Investors (Asia). It turns to seventh year that we have been jointly organized this kind of Forum to offer a unique opportunity to showcase the vast range of investment opportunities in Myanmar.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

As you are well aware that since our economy opened up in 2011, Myanmar is moving forward well on its pathway

through far-reaching reforms. Myanmar's potential for growth and development is unprecedented. Therefore, Myanmar can exploit several strengths and opportunities to accelerate its transition to an open market economy.

In 2016, Myanmar government has laid down the national economic policy which aims to foster sustainable development in Myanmar which is inclusive and people-centered. It also lays down an economic framework which can support the long-term conservation and fair allocation of natural resources among the States and Regions leading to national reconciliation.

As a support for implementation of 12-point Economic Policy and national economic development, the Government outlined the 7-point Investment Policy. "Credible dispute settlement procedures, protection to rights of investors in accordance with laws, streamlining procedures, encouraging responsible investment and reliable financial system" are the essence of the policies.

Excellencies, Distinguished Guests, Ladies and Gentlemen:

Allow me to share with you some information about reform measures of Myanmar to create a more attractive investor-friendly environment.

In Myanmar, previously, there were two investment laws namely: Foreign Investment Law and Myanmar Citizens Investment Law. With the aims of implementing the recommendations of the OECD Investment Policy Review of Myanmar (2014), to create a better environment for investment and to be in line with the international and regional agreements, with the technical assistance of the International Finance Corporation (IFC), Directorate of Investment and Company Administration (DICA) developed the new Myanmar Investment Law (MIL) merging the Foreign Investment Law and the Myanmar Citizens Investment Law. The new Law aims to create a fairer and more level playing field between foreign and domestic investors.

The new Investment Law was enacted on 18 October 2016 with unique characteristics such as encouraging responsible business, supporting investors to do businesses simply through transparent, simplified and quick procedures, not requiring MIC permit for every investment project, providing a guarantee not to expropriate investments directly or indirectly, offering income tax exemptions according to the zones and promoted areas, reducing the development gap

between the States and Regions by power delegation and setting up a grievance system. Its subsequent rules were prescribed on 30 March 2017.

Underpinning the new Myanmar Investment Law, the replacement of a century-old Companies Act with a world-best practice Myanmar Companies Law has been enacted by the PyidaungsuHluttaw on 6th December 2017. The aim of the new bill is to make the regulatory framework more compatible with international practices and develop a functioning capital market in Myanmar.

Moreover, the new Companies Law simplifies procedures and lowers compliance costs. The key features of the new Law include:

- allowing foreign investors to hold up to 35 percent of shares in local firms,
- allowing companies with a single shareholder and single director to be established,
- replacing a company's Memorandum and Article of Association into a single document called a company constitution,

- providing tools to shareholders and stakeholders to create better corporate governance and greater transparency and using a new electronic registry system.

Together with the new Myanmar Investment Law, the new Companies Law represents an attractive and effective platform on which foreign and local investors can develop new businesses, create employment and contribute to Myanmar's growing economy.

Excellencies, Distinguished Guests, Ladies and Gentlemen:

The assessment on Myanmar in the Doing Business Report of the World Bank was initiated in 2014. With the aim to raise Myanmar's ranking on ease of doing business index set out by the World Bank to less than 100 within the next three years according to the guidance of the Vice President U Myint Swe, the Working Group on Improving Ease of Doing Business Ranking and ten supporting groups based on Ease of Doing Business indicators were formed on 8 January 2018. Directorate of Investment and Company Administration (DICA) is responsible for improving Starting a Business and Protecting Minority Investor indicators.

An indicator, calls starting a business, questions related to the working process, cost, government's reform process, and smooth or rough reform, among others, are included and also observe whether the company registration system can cover the whole country and whether online data access and online registrations are available. To raise the ranking on starting a business, an electronic registry called "**the Myanmar Companies Online – MyCO**" was being launched on 1st August 2018 with the aim to smooth the process and cut the process of registration steps. Now, MyCO is smoothly operated and the companies can be incorporated easily by the online platform.

Regarding the Protecting Minority Investor, the new Companies Law introduces new corporate governance standards in Myanmar by enhancing the transparency of companies, increasing the accountability of directors and protecting minority investors.

The positive change in Myanmar's investment was noticed by the World Bank and awarded the Star Reformer Award to the country in recognition of the measures undertaken by Myanmar.

The significant changes are taking place in order to ensure the creation of an investment-friendly climate, attractive towards potentially beneficial and responsible investments. With such developments, the interest towards Myanmar from foreign investors and interested parties is also growing.

Excellencies, Distinguished Guests, Ladies and Gentlemen:

As a result of the creation of the investor friendly environment, the annual inflow of FDI increases year by year. According to the 2018 July data from DICA, a total of 1,523 foreign enterprises investing in 12 sectors from 49 countries were permitted with the total pledge amount of US\$ 76.85 billion. Among them, the leading sectors are oil and gas sector accounting for 29.16%, power accounting for 27.32%, manufacturing sector accounting for 12.91% and transport and communication sector accounting for 11.97% of the total permitted amount of foreign investment. At present, China is taking first position; followed by Singapore and Thailand respectively.

Excellencies, Distinguished Guests, Ladies and Gentlemen:

Myanmar Investment Commission is also trying to generate responsible business and investment which meets international investment standards and can create positive outcomes for the community. Currently, we have a new management at the MIC that is determined to turn Myanmar into a major regional trade and investment destination. To attain dynamic and harmonious growth of Myanmar and create a fair and prosperous society by promoting responsible and quality investment, the new MIC will be "transparent, efficient and investor friendly" and take a "proactive approach".

A road map have been laid down to promote the investment by encouraging the labour-intensive manufacturing sector in the short-term, the infrastructural sector in the medium-term and long-term as well as the agricultural sector for the inclusive growth and other cross-cutting sectors such as education, health-care, logistics, hotels and tourism in the long-term for achieving sustainable development goals.

We welcome all investors to invest in our priority sectors such as agriculture and its related services, value-added production of agricultural products, livestock production, breeding and production of fishery products, export promotion industries, import substitution industries, power sector, logistic industries, education services, health care industry, and construction of affordable housing and establishment of industrial estate.

To develop and regulate the country's booming digital economy, Digital Economy Development Committee (DEDC) was established in July 2017. Vice President U Henry Van Thio, the patron of Digital Economy Development Committee said that Myanmar must become one of the ASEAN's digital hubs with a robust 21st century economy. In order to achieve this goal, we need to upgrade the economic infrastructure and human resources as the first stage to build up the digital economy gradually in the country. Then, we need international investments and technological support to encourage the emergence of start-up companies for becoming a digital hub of ASEAN region in a targeted period.

Before I conclude a few words on infrastructure development would be expressed.

Since 2016, the New Government gave priority for fast development of infrastructure especially roads and electricity for both domestic requirement and support investment needs.

The following actions were taken:

- Upgrading of union highways and arterial roads
- Better management of BOT road concession companies to improve and upgrade in their sectors
- Widening to Asean class -3 standard (18 ft) as much as budget permits
- AC sections for roads section crossing main towns
- Emphasised on better quality of work and weather resilience
- Adding more bridges to the arterial and district road networks for improved connectivity
- Putting more efforts and priority to lesser developed areas, Chin, Rakhine, Kachin, Kayin, Tanintharyi
- Forming the new department for rural roads construction and extending the road networks towards the rural areas where majority of people lives and work
- Inviting companies to invest in new expressways (Myitkyina-Mandalay / Naypyitaw-Kyaukpyu / Upgrade

of Yangon - Mandalay expressway to take commercial traffic) - FS in progress

- Working closely with the WB, ADB and JICA for rehabilitation, upgrading and improvement of existing key road sections - which are approved by Hluttaw
- Elevated highway project for Yangon to ease congestion and quick access to end destination - EOI called with IFC assistance
- New mega urban development projects for Yangon (?Hlegu Eco Green City and Dagon Smart District) Mandalay (New Mandalay Resort City near PyinOoLwin) and KMIC Industrial Complex North of Yangon - all are based on clean, green and smart concept
- The affordable housing program is going on with support of banks for mortgage and the planning calls for having one million room units before 2030.

These projects will bring in needed investments, knowhow, create employment and significantly contribute towards the infrastructure development and economic well being of the people.

In the Electricity and Energy sector which have more than 55% of investments ...

- NTPs awarded in January 2018 will deliver 3000 MW of additional power within (3) years from now using LNG to power strategy
- It includes construction of the first backbone 500 kv transmission lines which will play a very important role for system stability and network reliability with overall improvements in the grid supplied electricity sector.
- NTPs were recently awarded for hydropower plants totalling 750 MW and solar power plants will be contributing more than 500 MW by 2021-22.
- More hydropower plants will be implemented to fully utilize Myanmar's available and abundant water resource and also for flood management solutions.
- Rural electrification is being speeded up with WB assistance and presently 50% of villages are electrified from grid and 20% from other means (Solar, etc) - total electrification is about 70% as per WB survey 2017
- Nationwide access to electricity is planned before 2030.
- I am very confident that by 2020-21, we will overcome the supply shortage of electricity and we invite investors to start planning for their investments, especially in those

growth areas mentioned in the National Spatial Development Plan.

- LPG business have been open up to private investors with good response and by 2020 we have a target to provide 1 million homes with cooking gas including rural areas
- LPG will be extended to the transport sector once supplies are assured.
- In the energy sector, the exploration efforts are picking up and bearing fruit with new round of discoveries expected both in onshore and offshore areas during 2018-2019. I am pleased to say that the new round of bidding for onshore and offshore will be invited before end of 2018 with improved PSC terms for a win-win arrangement.

Excellencies, Distinguished Guests, Ladies and Gentlemen;

To sum up, the positive changes are taking place in order to ensure the creation of an enabling business environment in Myanmar. With such developments, interest towards Myanmar from investors and interested parties is also

growing. I believe this forum will benefit all stakeholders to take a closer step forward to Myanmar.

Last but not least, I would also like to express my sincere gratitude to Mr. Tony Shale, Chief Executive Officer, Euromoney Institutional Investor (Asia) and his team, Myanmar Investment Commission for your great efforts in hosting this most successful forum.

I thank you.