

Remarks by Chairman of the Myanmar Investment Commission, National Security Advisor, Union Minister U Thaung Tun, at the Meeting organized by Four Foreign Chambers of Commerce

(Melia Hotel, Yangon, 22 June 2018, 14:00 hrs)

Distinguished Guests,

Ladies and Gentlemen,

Good Afternoon! Mingalapar!

It is good to see many familiar faces around the table.

I had the privilege to meet quite a few of you in my previous incarnation as Government Affairs Advisor in Shell Myanmar.

This time around, I come before you as Chair of the Myanmar Investment Commission to share my perspectives on the change and transformation taking place in the country and, how it might affect investment flows.

Let me start with a question! How many of you have seen the Global New Light of Myanmar today?

----- (brief interaction with participants on Myanmar Company Law) -----

The MIC is under new management and it is no longer “business as usual”. Let me underscored. The new MIC will be “transparent” and take a “proactive approach”. We will seek to promote “responsible investment”.

As you are no doubt aware, we have recently taken steps to further improve Myanmar’s investment environment.

Prominent among the changes is the Myanmar Company Law, which I have just mentioned, allowing foreign nationals to hold up to 35% of shares in local companies. This will allow any such company to be recognized as a local company. Furthermore, this will allow foreign nationals to hold up to 35% of shares in companies listed on the Yangon Stock Exchange. This law will be implemented on 1 August 2018.

At the same time, we have enacted the Myanmar Investment Law (2016), creating more opportunities for foreign investment to expand.

The new MIL will ensure transparency but also levels the playing field for all businesses.

I may be bringing coals to New Castle by reiterating the trade and economic potential of Myanmar.

But it bears to be repeated that trade and investment has expanded rapidly in Myanmar since 2011, bolstered by economic liberalization, legal reforms and the country's strategic location as well as resources.

However, several factors have damped investor enthusiasm in Myanmar in the past year due to a number of factors, including depressed global commodities prices and, not surprisingly, the Rakhine situation.

Concerns over alleged use of excessive force by Myanmar security forces in responding to terrorist attacks in October 2016 and August 2017 appear to have negatively influenced potential investors from some of the countries represented around the table today.

However, Chinese, Thai, Singaporean, Korean and Japanese have moved in to fill the investment gap. They have been investing in infrastructure, transportation, real estate and small industries.

Indeed, new opportunities are being created every day as ASEAN seeks to promote connectivity. China is poised to implement its Belt and Road Initiative. Myanmar is also the first country that India sees when it seeks to implement its “Look East” and “Act East” policy.

The active engagement of neighboring countries will no doubt have a positive impact on Myanmar’s trade and investment growth over the medium term.

Myanmar is now open for business. It signaled its intention to open up by launching a number of trade-related development plans and frameworks: they include the National Export Strategy; the Master Plan for the Establishment of the Myanmar Trade Promotion Organization; the Private Sector Development Framework and Action Plan and a Gap Assessment on the ASEAN Trade in Goods Agreement.

SEZs are also expected to play a prominent role in boosting exports, reducing the trade deficit and supporting diversification. The government has sought to promote investment in SEZ, such as Thilawa, Kyaukphyu and Dawei. Incentives for free zones in the SEZ include a 7 year income tax exemption, followed by 50% reduction for the next 5 years, and a 50% reduction on capital gains taxes for any profits, reinvested as a reserved fund. Investors in Free Zones are also exempted from value-added tax and Custom duties for raw materials, production, machinery, spare parts, and construction materials.

The successes of the Thilawa SEZ have highlighted the opportunities for investors. There are ample opportunities for value-added manufacturing.

Please send this message to your home.

More importantly, the investment environment has been transformed due to changes arising from the promulgation of Myanmar Investment Law (2016) (MIL) and the Myanmar Investment Rules (2017) (MIR). The changes will make it easier for foreign investors to obtain long leases, which is *sine qua non* for most of your businesses.

The outstanding change under the MIL is the MIC endorsement.

The MIL has introduced a new type of MIC approval called an MIC endorsement. This is a less time consuming procedure.

Following the first meeting today, we will issue endorsement within 10 days. A common complaint in the past was that the MIC permit process sometimes took 6 months or more. We will now try to redress the situation by settling “strict time limits” for processing application for both MIC permits and MIC endorsement. I understand that, currently, it is 60 days. We will pare it down substantially.

The government now provides guarantee that it will not take any expropriation measures, directly or indirectly, that are likely to result in an investment being terminated.

The positive change in Myanmar’s investment has not gone un-noticed by the World Bank. Last year, in recognition of the measures undertaken by Myanmar, the World Bank awarded the Star Reformer Award to the country.

But, we will not rest on our Laurels.

The MIC has been reconstituted to take forward the momentum of change and transformation of the past few years.

Myanmar remains well-positioned to boost investment in priority areas and diversify its export base and generate more jobs.

Recent legal reforms including the MIL and the Myanmar Companies Law which will come into effect on 1 August 2018 should be regarded as important sign posts.

Myanmar is on track for palpable growth in the coming years.

I would like to underscore that Myanmar has enormous potential and that the time is ripe to invest in the country. We will strive to ensure that investment opportunities result in win-win situation.

We have a new management at the MIC that is determined to turn Myanmar into a major regional trade and investment destination.

The new MIC will be “transparent”, “efficient” and “investor-friendly”.

We have many challenges but there is no challenge that we cannot overcome. We want Myanmar to emerge as a reliable partner to investors – a country that seeks to build relationships with old friends and new ones alike.

And that is exactly what the new MIC is going to do.

Now is the perfect time to bring your investment to Myanmar.

As Warren Buffett would say, “Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble”

Thank you for your kind attention!
