

Opening Remark by DDG U Than Aung Kyaw

at

“2018 Myanmar-Korea Investment Promotion Seminar”

Date : 8 February 2018, Time 09:00 ~ 17:00

Venue : Lotte Hotel Yangon

H.E Ambassador Lee Sang-wha

H.E Secretary General Kim Young-sun

Responsible Person,

Business Executives,

Distinguished Guests, Ladies and Gentlemen,

A very good morning to you all.

It is indeed a great pleasure and honor for me to be here today to deliver the opening remarks on this occasion of the 2018 Myanmar-Korea Investment Promotion Seminar which is jointly organized by the Myanmar Investment Commission and the ASEAN Korea Center. First of all, I would like to extend deep appreciation to H.E. Mr. Kim Young-sun, Secretary General of AKC and ASEAN-Korea Center for their dedicated efforts in making this event possible as we aim to further develop economic and business cooperation between Myanmar and Korea. I also extend my warmest regards and thanks to all of you here today! This event offers a striking opportunity to cement the Myanmar-Korea economic relationship and investment cooperation.

I would like to present a brief account of the reform measures of Myanmar to create a more attractive investor-friendly environment. The Myanmar Government has addressed some of the long-standing obstacles to economic growth, including:

- eliminating multiple exchange rates,
- reducing trade restrictions,
- reforming tax policy and administration,
- passing a new arbitration law and labor legislation in line with international standards, and
- easing some of the administrative hurdles to doing business in Myanmar.

Myanmar's overall growth strategy is built on a complementary mix of policies to simultaneously enable modernization in industry, agriculture and infrastructure, a diversification of the export base and the expansion of value-added production for domestic and international markets.

Furthermore, the 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. Myanmar is currently undergoing a transformation towards stronger economic development through improving its legal framework and creating a better investment environment that is more transparent and workable for doing business in Myanmar.

With the aim to create level playing field and to be in compliance with regional best practices, we incorporated two laws namely Foreign Investment Law and Myanmar Citizen Investment Law into a more coherent one, called, the Myanmar Investment Law. In shaping an investor-friendly business climate, the Myanmar Investment Law was enacted on 18th October 2016. In order to fully implement the Myanmar Investment Law, necessary steps were undertaken to release Investment Rules and Regulations by the end of March, 2017. One of the key considerations of the new Myanmar Investment Law is to streamline the procedures and make everything more simplified for foreign investors.

Taking into consideration the importance of businesses in Myanmar, concerted efforts are being to change the corporate landscape. The current governing law of companies in Myanmar is the Myanmar Companies Act which was enacted in 1914, and some of the provisions are obviously outdated. Therefore, with the help of Asian Development Bank (ADB), the Myanmar Companies Law was enacted in December 2017 and replaces legislation that was more than 100 years old. The new Act streamlines procedures and lowers compliance costs. The key features of the new Companies 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.

Currently, we are finalizing the necessary regulations and notifications for the compliance of the new law and targeting the new Companies Law to apply from 1st August 2018. Besides creating a robust and efficient regulatory framework for companies, we expect that the new Companies Law will herald a new era of corporate regulation which will help to create better conditions for business in Myanmar, promote access to the private sector and enable better regulation of companies operating in the country.

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 2017 December data from DICA, a total of 1,423 foreign enterprises investing in 12 sectors from 49 countries were permitted with the total pledge amount of US\$ 75.09 billion. Among them, the leading sectors are oil and gas sector accounting for 29.84%, power accounting for 27.81%, manufacturing sector accounting for 12.41% and transport and communication sector accounting for 11.73% of the total permitted amount of foreign investment. At present, China is taking first position;

followed by Singapore and Thailand respectively. While the majority of earlier investment that Myanmar received went into the oil and gas sector, especially in natural resource sectors and mining sector, since 2011 foreign direct investment (FDI) has largely gone to the transportation, communication, manufacturing, real estate, and tourism sectors.

Nowadays, the Republic of Korea stands in 6th position with the amount of US\$3.788 billion. In addition, 150 Korean enterprises' total investment in Myanmar is 5.05% of total FDI and there are 569 Korean companies which are registered and opened as branch offices in Myanmar.

Excellencies, Distinguished Guests, Ladies and Gentlemen,

There exists a wide range of areas in which the two countries could work together. This seminar will contribute greatly to create a better understanding for Korean businessmen of Myanmar's business environment and investment opportunities in infrastructure and manufacturing sectors. Today we have distinguished speakers from the Ministry of Transport and Communications, Ministry of Construction and Ministry of Electricity and Energy respectively. We believe their presentations will give you insights into investment opportunities, update information on infrastructure projects and the business environment in Myanmar. This increased understanding will, in turn, certainly lead to the full realization of the existing high potential for closer economic cooperation between Myanmar and Korea. I am also confident that the

networking luncheon and one-on-one business meeting will enhance your business networking and progress future investment cooperation

I would like to encourage Korean companies to increase investment in Myanmar, giving the priority to develop infrastructure projects, export promotion and import substitution manufacturing industries and logistic supporting industries. These industries are really needed to promote economic development of our country. Furthermore, we expect that investors from both countries can easily establish their business in the host country under the umbrella of the Bilateral Investment Promotion and Protection Agreement between Myanmar and Korea. There is no doubt that close economic cooperation between Korea and Myanmar will bring benefits to both nations. Last but not least, I would sincerely like to thank you all for your time and attention. I wish the seminar a complete success.

Thank you.