

MYANMAR BRIEFING NOTE

- **UK government in Burma:** Andrew Patrick is the British Ambassador to Burma, and David Hall is the Deputy Head of Mission at the British Embassy Rangoon.
- **Benefits for UK businesses exporting to Burma:**
 - Strong historical and trading links with the UK with a recognition of British brands
 - Increasing demand for products, equipment, and services resulting from incoming foreign investment and a growing middle class
 - Strong economic growth to date and positive future forecasts
- **UK-Burma trade:**
 - Trade between the UK and Burma has been extremely limited over recent years due to sanctions. Following the lifting of sanctions, trade is now on the increase.
 - UK goods exports to Burma increased from £13 million to £44 million between 2012 and 2013, up 239%. These figures do not include services exports such as legal, accountancy, and consultancy services which are a significant component of the UK's exports to Burma. It also fails to account for exports which are routed via third countries such as Singapore.
 - Major UK exports to Burma include road vehicles, heavy machinery, and transport vehicles.
- **Opportunities for UK businesses in Burma:** UKTI Burma has identified four priority sectors for UK businesses. These are sectors which are believed to have immediate and available opportunities. However, there are opportunities in other sectors, such as infrastructure, agriculture, aerospace, and retail.
 - **Energy:** Burma faces a major energy challenge. It has one of the lowest electrification rates in the world, with only a third of the population able to access reliable and affordable electricity. Electricity demand is forecast to increase by 700% by 2030. The World Bank estimates US\$5.8 billion of investment will be required over the next 15 years to achieve universal electrification by 2030.
 - **Financial and professional services:** UK businesses have been active in Burma's financial and professional services sector. They have supported major foreign investments in energy, telecoms, manufacturing, and education as well as upgrading the capacity of local companies. The British government, in collaboration with UK businesses, is supporting the development of Burma's financial sector through the UK-Myanmar Financial Services taskforce.
 - **Healthcare and pharmaceuticals:** Burma's spending on healthcare has increased by 800% since the reform process began in 2010 when healthcare became a government priority. However, Burma's healthcare spending per capita remains the lowest in the region.

Opportunities for UK companies include pharmaceuticals (distribution and manufacturing), medical devices, medical architecture, infrastructure, and equipment, and training and international standards. UKTI Burma will publish a report on opportunities for British companies in Burma's healthcare sector in November 2015.

- **Education and skills:** There is a demand for education and training at all levels and in all sectors. The skills gap has been identified as the second-most severe barrier to economic development by Burma's business community. This presents opportunities for British schools, training providers, qualifications bodies, equipment suppliers, and English language trainers.
- **Potential strengths of the Burma market:**
 - Access to 40% of the world's population living in bordering countries
 - Abundant natural resources
 - Commitment to political and economic reform with strong international donor backing
 - Proven agricultural capacity
- **Challenges of the Burma market:**
 - **Political risks:** Political risks are posed by the transition to democracy from an authoritarian military regime, demands for constitutional change, the ongoing peace process between the government and ethnic armed groups, and inter-communal tensions between Buddhist and Muslim communities.
 - **Sanctions:** The EU lifted trade sanctions against Burma in April 2013. However, an arms embargo is still in place. There are still some US sanctions which can affect British companies. These are primarily focused on financial institutions and specific individuals.
 - **Corruption:** Corruption exists at all levels of the economy. Companies should undertake extensive due diligence checks on local partners and distributors when doing business in Burma.
 - **Banking issues:** Burma's underdeveloped banking sector means that the economy is predominantly cash-based, credit cards aren't widely used or accepted, many UK banks refuse to process payments to or from Burma due to the perceived risk, payments that are processed often take longer than normal, only pristine dollars are accepted due to counterfeiting, etc.
 - **Institutional weakness:** There is a lack of capacity throughout Burma's public and private sectors as a result of many decades of isolation. This means that public institutions are often slow and bureaucratic when dealing with business. Companies should be prepared for this and build time into their business plan to accommodate. The Burmese legal system is based on British common law. However, the Burmese legal system lacks clarity and capacity.
 - **Human capital:** One of the biggest challenges facing British companies doing business in Burma is local capacity. Finding qualified local staff is difficult and expensive due to high demand and limited supply. There is an increasing number of returning Burmese who have

education and experience overseas, but they are in high demand and expect to be paid to international standards. British companies will need to invest time and money in training staff.

- **Infrastructure:** Burma's physical and technical infrastructure has not been fully developed. This presents a number of challenges including: movement of goods across the country can be time consuming and expensive, Internet and mobile phone connectivity is unreliable and patchy (particularly outside major urban areas), and underdeveloped financial infrastructure means banking processes are still predominantly manual and time consuming.

- **Latest UK-Burma news:**

- **Prime Minister commends first free elections in Burma:** In November 2015, Prime Minister David Cameron commended the first free elections in Burma, calling them "an important step towards democracy". He noted that the UK welcomed the view of independent election observers that people turned out in large numbers and cast their votes in a generally well-run polling process, with anonymity of the vote respected.
- **UK steps up support for Burma's floods:** In August 2015, the UK announced that it would continue to support Burma in the wake of the devastating floods that swept the country by providing more aid supplies and helping with recovery efforts. Since 2012, the UK has provided over £43.3 million in humanitarian aid for people in Burma and along the Thai-Burmese border, making it one of the largest humanitarian donors in the region.
- **Foreign Office Minister visits Burma's Rakhine State:** In July 2015, Foreign Office Minister Hugo Swire visited Burma's Rakhine State, where he met residents of Muslim and Buddhist IDP camps, community leaders, and the state government to assess the current political and humanitarian situation. He also met senior government ministers in Naypyidaw. Mr. Swire's trip formed part of a wider visit to Burma, where he met senior political figures, including opposition leader Daw Aung San Suu Kyi. His discussions focused on the country's preparedness for the elections on 08 November and wider progress on democratic reform, including the peace process and constitutional change.
- **UK-Burma climate change collaboration:** In June 2015, the UK government announced that UK experts were working with Burmese authorities ahead of the UN climate negotiations in Paris. Ahead of Paris, every country was expected to produce a document, called an Intended National Determined Contribution (INDC), outlining its plans to tackle and adapt to climate change. David Shaw, Senior Consultant for International Climate Change Policy at the UK organisation Ricardo-AEA, provided technical support to the Burmese government as it developed its INDC.
- **New visa application centre opens in Rangoon:** In June 2015, Burma's first dedicated Visa Application Centre (VAC) opened in Rangoon. The new VAC, run by the Embassy's commercial partners VFS, will make it quicker and easier for customers in Burma to apply for their UK visas.

- **Examples of CBI members active in Burma:**

- **Standard Chartered:** Standard Chartered was the first western financial institution to open a representative office in Burma. It has recently been appointed by the government as sovereign credit rating advisers. Its representative office in Yangon has four staff.

- **Grant Thornton:** Grant Thornton has an office in Yangon.
- **BG Group and Shell:** BG Group and Shell have been awarded exploration licenses in Burma. BG has an interest in four exploration blocks located in the Rakhine Basin offshore Burma. In February 2015, Shell and its partner Mitsui Oil Exploration signed three exploration and production sharing contracts with Myanma Oil and Gas Enterprise to operate three offshore deep-water blocks. This step marked Shell's return to upstream operations in the country.
- **GSK:** GSK is distributing vaccinations. It has a branch office in Burma in Yangon.
- **Unilever:** Unilever has two manufacturing facilities and are committed to a third one. In 2013, Unilever announced that it was re-entering the Burma market with the launch of full business operations, including a new manufacturing facility and new headquarters in Yangon. At that time, Unilever said it aimed to provide direct and indirect employment for over 2,000 people in Myanmar by 2015.
- **Prudential:** In November 2013, Prudential became the first European life insurer to be granted a licence to establish a representative office in Myanmar, located in Yangon.
- **Aggreko:** Aggreko are providing temporary power to Burma's industrial zones. It has an office in Yangon.
- **Herbert Smith Freehills:** Herbert Smith Freehills has what it calls the most experienced Burma practice of all the major international law firms. It has maintained an on-the-ground presence in Yangon through its ongoing secondment arrangement with MLSL, which has been in place for over two years. Brian Scott (Partner, Corporate) is a key contact, based in Singapore.
- **Rolls-Royce:** Rolls-Royce has sold gas turbine engines to Burma's power plants. In July 2014, Rolls-Royce signed a long-term service agreement with RGK+Z&A, an engineering company based in Burma, for spare parts supply, supervision, and maintenance for the Hlagwa Power Plant (Phase II) project.
- **PwC:** PwC opened its firm in Yangon in November 2012. Mr. Jovi Seet is Director of PwC Myanmar and Jasmine Thazin Aung is Director of Advisory Services for PwC Myanmar.
- **EY:** EY has an office in Yangon.
- **KPMG:** KPMG has an office in Yangon.
- **Deloitte:** Deloitte has an office in Yangon.