University of the Thai Chamber of Commerce and the Thai Chamber of Commerce

Thailand Economic & Business Review

Volume 5 Issue 1
December 2012 - February 2013
ISSN: 1906-8646

What Does Thai Business Gain from the New Investment Law of Myanmar?

The Decade of Chinese Economic Changes

Contents December 2012-February 2013

Thailand Economic & Business Review
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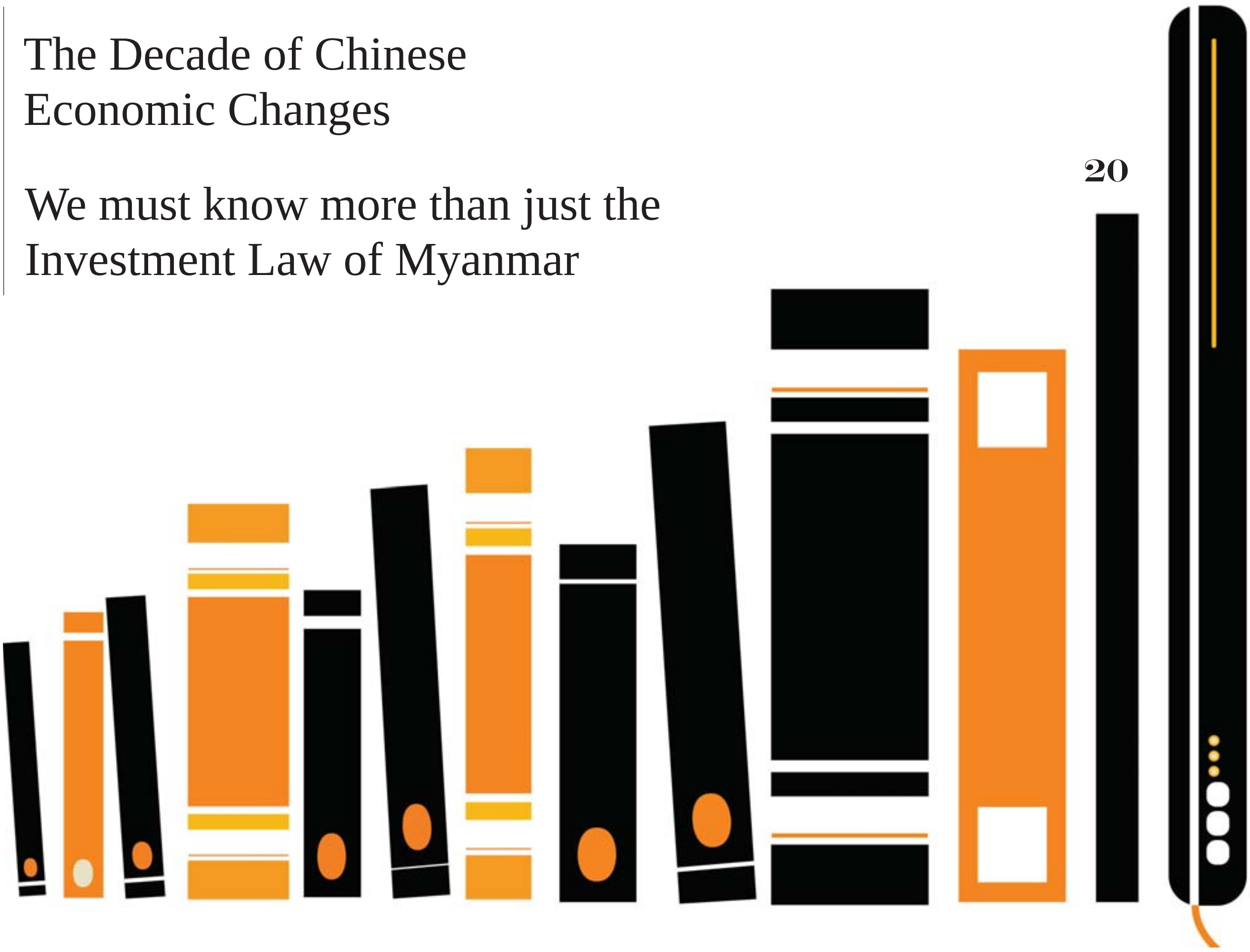

Editor's Memo

What Does Thai Business Gain from New Investment Law of Myanmar?

For over decades, Myanmar has been limited development and modernization ; however now is entering a new era. Today Myanmar is attracting a lot of interest from the international investors. The report of the Asian Development Bank (ADB) called Myanmar in this time “Myanmar in Transition”. Myanmar currently has a wide range of possibilities in foreign investment including opening up for 100% foreign ownership. However, several restrictions do depending on the business activities that are involved.

In this issue, Thailand Economic and Business Review presents **What Does Thai Business Gain from the New Investment Law of Myanmar?** by Assist. Prof. Aat Pisarnwanich, Dean of School of Economic, University of the Thai Chamber of Commerce. It details the investment opportunities in Myanmar and suggests how to take advantage of them.

Thailand Economic and Business Review as a central media of economic and business data will continue to present information and analyses to keep you informed, showing you the directions of change and also giving you strategic business advice.

Arrada Mahamitr
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What Does Thai Business Gain from the New Investment Law of Myanmar?

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by
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University of the Thai Chamber of Commerce
(Translated by Pimchai Pongpisit and edited by Charles Seaman Rice)

Thailand Overseas Investment Center
The Board of Investment,
in conjunction withThe Center for International Trade Studies and
The Faculty of Economics,
University of the Thai Chamber of Commerce

On November 2, 2012, Myanmar's parliament passed the **"Foreign Investment Law 2012"**. This was the second time it had been approved. Parliament had already given their approval, but President Thien Sien sent it back to them for reconsideration. After it passed the second time, he signed it. This new law is very significant to Myanmar, since it acts as an open door that welcomes the many foreign investors who are now seeking to do business there. The people most interested and who have been waiting for this law are foreign investors rather than their Burmese counterparts. The new law is based on the older Foreign Investment Law No. 10 (1988). However, a comparison shows the new law provides many more opportunities for foreign investors. For example, the 1988 Foreign Investment Law emphasized the promotion of investment in just 5 business categories, whereas the new law extends this to 18 diverse categories. Most of the new categories are inbusinesses that will bring changes to the economic structure and the future development of Myanmar. These include the areas of infrastructure investment, businesses emphasizing Myanmar's labor skill development, the use of modern technology and the transfer of technology.

The new Investment Law consists of 20 chapters, the main differences being: 1) an extension of tax revenue exemption from 3 years to 5 years; 2) setting the period of employment of skilled Burmese workers in accordance with the period of business operation; 3) increasing **the first period of renting landto 50 years (depending on the type of business and the amount of investment) and 4) extending the rent for a period of 10 years, to be followed by another 10.** Furthermore, investors have the right to transfer, sell, and exchange their investments to others (with the priorapproval of Myanmar Investment Commission: MIC). Under the former Foreign Investment Law, foreign investors were not allowed to do this. The percent of ownership in a joint venture between foreign and Burmese investors is no longer fixed at 35% as in the old law, but is now depended on both parties' agreement. Other privileges, such as the 100% shareholding, the exemption of import tax on machinery and other types of tools and equipment, remain the same as the 1988 Foreign Investment Law.

In the beginning, Thai SMEs' investments in Myanmar should take a form of joint venture with Burmese investors. This is safer than a 100% ownership in industrial groups which are likely to benefit from what "we have" but "Myanmar does not".

When the new Foreign Investment Law took form, **the key question became "How much do Thai investors and businessmen gain from this law?" Just as important is to ask, "What is the channel for investing and doing business in Myanmar?"**

The author will focus specially on Thai SMEs businesses and investors. **To begin, Thai SMEs' investments in Myanmar should take a form of joint venture with Burmese investors, which is safer than a 100% ownership, and should focus on the industrial groups that are likely to benefit from what "Thailand has" but "Myanmar does not". The first group is agriculture,** and includes many agricultural businesses and agribusiness involving renting land to cultivate products such as para rubber trees and oil palms, breeding aquatic animals, livestock and

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MYANMAR (BURMA)
0 km 70 140 210 km
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National Capital (4,100,000 In 1999)
over 500,000
over 200,000
over 100,000
other main city
other city
Capital of state or division
photo: ezilon.com
INDIA
THAILAND
Bay of Bengal
ANDAMAN SEA
Gulf of Thailand
Gulf of Martaban
Mouths of the Irrawaddy
Andaman Islands
INDIA
Mergui Archipelago
YANGON (RANGOON)
Mandalay
Sagaing
Amarapura
Myingyan
Pakokku
Meiktila
Taunggyi
Minbu
Magway
Sittwe (Akyab)
Pye
Thandwe
Taungoo
Hinthada
Pathein
Pegu
Thaton
Mawlamyaing
Hpa-an
Tavoy
Myeik
Myitkyina
Bhamo
Lashio
Shwebo
Monywa
Hakha
Falam
Loikaw
Pyinmanaa
Chauk
Kyaikto
Syriam
Bogale
Phyarpon
Ye
Hkakabo Razi
Kumon Range
Gaoligong Shan
Chin Hills
Arakan Yoma
Dawna Range
Bilauktaung Range
Tanen Range
Mangin Range
Imphal
Kohima
Aizawl
Dacca
Chittagong
Itanagar
Dispur
Shillong
Dali
Chiang Mai
Lampang
Nakhon Sawan
Nakhon Ratchasima
Bangkok
Tropic of Cancer
Mekong
Salween
Irrawaddy
Chindwin
Ramree I.
Cheduba I.
Boronga I.
Combermere Bay
Cape Negrais
Preparis I.
Coco Islands
Cape Price
Narcondam Island
Kadan I.
Mali I.
Lanbi I.
Zadetkyi I.
Ko Phangan
DIVISIONS
A SAGAING DIVISION
B MAGWAY DIVISION
C MANDALAY DIVISION
D BAGO DIVISION
E IRRAWADDY DIVISION
F RANGOON DIVISION
G TENASSERIM DIVISION
STATES
1 KACHIN STATE
2 CHIN STATE
3 ARAKAN STATE
4 SHAN STATE
5 KAYAH STATE
6 KAYIN STATE
7 MON STATE

industrial crops, since the law allows these businesses to be operated for 70 years. (However, the law requires that the rental of agricultural land be a joint venture.)

The next group is agriproduct processing, including para rubber products, palm oil, and processed agricultural products (fish, shrimp, soft-shell crab, chicken and pork). Thai entrepreneurs can provide what Burmese business is lacking, namely capital, technology, modern packaging, standardization and labor skills development, which Burma tremendously needs from foreign investors.

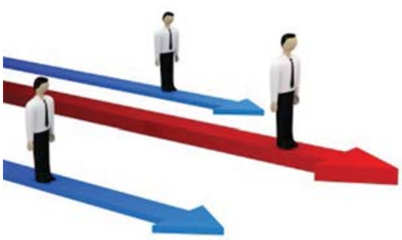
Another group that stands to benefit from the new law is the **clothing business. "Expansion of the production base"** is one way to succeed in this group because an increased capital and labor shortage, the major problems of this business, will become more severe. **"Furniture and products"** is an industry which will also gain, since in the future Thailand will not have a ready supply of lumber, the main raw material needed. **"Gemstones and jewelry"** is included because the skillful craftsmanship of Thais already

photo: wikimedia

ranks high in the world and is an industry that has long been developed. Myanmar still has considerable raw materials and an enormous gemstone market at **Mandalay.**

The writer now would like to proceed to some of service businesses that have urgent needs for immediate benefits under this Foreign Investment Law. These are **tourism,** other service businesses including **construction, and vocational skill training schools** such as beauty academies, electrical appliance repair schools, automobile and motorcycle repair schools and so on.

What the writer has mentioned are only some of the areas in which Thai businesses can benefit from the new Myanmar law on foreign investment. Due to space limits here, not all could be presented. Interested readers should call by a phone, as there is much more interesting data to be given. Doing business in Myanmar will give you **"roses and bricks"** simultaneously. You can succeed by handling these obstacles by following the in-depth database.



The Decade of Chinese Economic Changes

Compiled and arranged by
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(Translated by Renu Pholsward
and edited by Charles Seaman Rice)

Nowadays, the world changes faster than ever. Each year passes by swiftly, and before we realize it, it is half over. The **"long term plan"** of the past is more of a **"short term plan"** in the present world. Many describe it thus: **"The World is accelerating every moment; 24 hours now seems much shorter than to people in the old days."** This is especially true if we live in a country with economic growth like "lightning spread all over the sky", as in China. We may feel that our life is passing more quickly than that of people in other countries.

Some still remember the news of "complaints" towards the developed countries the Chinese Government made about **"being pressed"** to meet various conditions before it could become a member of the **World Trade Organization (WTO).** It seems like this was only a short time ago, but in fact the year 2011 marked the tenth anniversary of China's membership in the WTO, which is considered both a direct and indirect support for the rapid growth of production, trade and investment and other sectors. China's economic **jump,** *like* **"Young Kamanita"** in the past decade, is remembered as something charming and yet puzzling in some parts. Many new statistics were made.

This was the era when President **Hu Jintao** and Prime Minister **Wen Jiabao** ran China. It inspired me to compile interesting statistics and anecdotes about the Chinese economic and social development during that decade to share with the readers before that team passes their authority to the 5th generation leaders in a few months' time.

Statistics ... It Broke All Previous Records

From the day the **"Various Colored Cats"** of President **Deng Xiao Ping** were let out to catch **"Rats"** more than 30 years ago, they have enjoyed doing so. These clever **"cats"** have caught **"rats"** to help all over house in accordance with the commands of the **"Boss"**. The big **"House"** of these cats is still filled rats with from all over the world, but these rats now help the house owner very well. Let us look at the past decade, when **"Chinese Cats and Allied Rats"** made and broke records and shaped China's economy in many ways.

The Economic Growth Rate

Since China first opened its economic doors to the world, its economy has grown **"as if it ran long distances with the speed of 100 meter sprinter"**. In this second decade, China was recognized as having the highest economic growth rate in the world's history. In 2001, China "created muscle" in an economy that was ranked sixth in the world, around US$ 1.3 billion. This was greater than that of all 10 ASEAN countries combined (about US$ 0.7 billion). In 2008, China moved to number three, with a GDP value at US$ 3.6 billion, equaling 7.1% of the world's economic size.

Three years later, China **"overtook"** France, the United Kingdom, Germany and Japan and stood at number 2, behind only the U.S. with a GDP of approximately US$ 7.3 billion. China now had an economy equaling about 13% of the total world GDP.

China is a large production base for various groups of products, so many people call it the **"World Factory"**. These production clusters were the essential mechanism that moved the Chinese economy forward in employment, production and technology, export and consumption stimulation. With its large economic size and high economic growth rate, China has become the essential **"Economic Motor"** of the world and startled other countries with a growth that runs steadily without any sign of tiring.

One OECD report agreed that the Chinese economy in the last decade played an important role in the rapid growth of the world's economy, with an increase from less than 15% in 2001 to more than 30% in 2011. This economic phenomenon is recognized as being **"against the tide"**. Many academic scholars, especially in the west, expect China's economy to collapse, or the "soap bubble burst", because of the public sector's investment and an excess of production power. The Chinese economic reality has turned many leading economists into **"fortune tellers"**. Even in this worldwide economic crisis period, some scholars have predicted that the USA will be the first country to come out of the crisis, while China will be the last. However, during 2008 to 2011, China's economic growth was 40%, in contrast to an USA economic growth of just only 1%. Therefore, it appears likely that China's economic growth is cable of continuing to increase over the next 5 to 10 years.

Per Capita Income

While China has been experiencing continuous economic growth, the Chinese people have seen a steadily increasing income as well. China's Per Capita Income increased from just under US$ 1,900 in 2002 to nearly US$4,780 in 2011. In an article titled **"China's Economy over the Last Ten Years",** written by **John Ross** and published in **"China Today"** on September 2012, the author stated that during those ten years China's per capita income increased at the rate almost 10% per annum. It can also be said that the people's has doubled in the past 7 years. Coming second was India at 6.1%, then Russia at 5%, followed by South Korea 3.6% and Brazil 2.7%. The five countries with the highest per capita income growth rate were the rising star countries, and 4 members of the BRICs are included in them. Therefore, it was no surprise that the per capita spending rate in these countries grew rapidly during that period.

In contrast, the Giant Economic Countries of the old world now have a per capita income that is **"close to the ground".** The only western country that looked strong and not in need of a respirator was Germany, which had an average per capita income growth rate of 1.2% per year. Other countries needed intensive care from economic doctors, such as the UK with a per capita income growth rate 0.8%, the USA at 0.7%, Japan at 0.6% and France with only 0.4%. These figures reflected **"a weakness"** in their economy, and it became **"clearer"** in 2008 to 2011, when the world faced its most serious economic crisis in 80 years.

Over the past decade, China had a total economic growth 158.2% (almost 1.6 times), while India had a total economic growth 80%, Russia 63.2%, South Korea 43%, and Brazil 30.1%. This meant China's average per capita income increased more than Indians' by almost 2 times, about 2.5 times that of Russia's, more than 3 times South Korea's, 7 times Germany's and 20 times that of the of USA.

Also worth noting is that many countries, including the UK (8.7%), the USA (7.3%), Japan (6%) and France (4.6%), had a total economic growth during the past decade that was less than China's average economic growth for just one year.

Average Local GDP per Head during 2001-2011

(US$ using 2001 as the base year)

	Growth Rate per Year (%)	Total Growth Rate (%)	Proportion of Growth Rate per Chinese's (%)
China	9.9	158.2	-
India	6.1	80.2	50.7
Russia	5.0	63.2	39.9
South Korea	3.6	43.0	27.2
Brazil	2.7	30.1	19.0
Germany	1.2	12.2	7.7
UK	0.8	8.7	5.5
USA	0.7	7.3	4.6
Japan	0.6	6.0	3.8
France	0.4	4.6	2.9

Average Consumption per Head during 2001-2010

(US$ using 2001 as the base year)

	Growth Rate per Year (%)	Total Growth Rate (%)	Consumption Difference Comparing with China (%)
China	9.9	158.2	-
India	6.1	80.2	50.7
Russia	5.0	63.2	39.9
South Korea	3.6	43.0	27.2
Brazil	2.7	30.1	19.0
Germany	1.2	12.2	7.7
UK	0.8	8.7	5.5
USA	0.7	7.3	4.6
Japan	0.6	6.0	3.8
France	0.4	4.6	2.9

The International Monetary Fund (IMF) stated that in 2011 China's average per capita income increased to US$ 5,414 and was 89th in the world out of almost 200 countries, though it was still less than the average per capita income of the USA and many other developed countries.

This shows that China is still a "developing country" and it will require much more time before the Chinese people have a living standard equal to or close to that of the developed countries.

Moreover, when interviewing people, especially those in China's cities, it was found that the cost of living in China had increased as **"a shadow following you"**, and that despite the income growth, many had to economize in order to maintain the same standard of living. Many doubted they could ever save enough money for buying a house and car (before getting married).

Average Consumption per Head

China's economic growth rate and the increased per capita income, plus the Chinese people's natural instinct to take chances, enabled their spending to increase rapidly. Between 2001 and 2011, China's consumption increased by more than 10% per year and rose by 16% in term of US$, which was considered the highest of all countries with large markets. The rate of average per capita consumption per head went up in the later period, which corresponded with effort to increase the local consumption by the Chinese Government. This resulted in China becoming the largest food and consumer product market in the world, including even fashion products, cars and precious metals such golden and platinum.

John Ross made a study comparing China's per capita consumption to that of people in other major countries important during 2001-2010. (The data for 2011 has yet to be published for many countries.) He concluded that **Chinese per capita consumption increased by 7.3% per year, which was slightly higher than**

photo: blogs.r.ftdata.co.uk

Statistics of the Chinese Foreign Currency Reserve Fund from 2002 to 2011

Year	Reserve Fund Value (US$ million)
2002	286,000
2003	403,000
2004	610,000
2005	819,000
2006	1,066,000
2007	1,530,000
2008	1,947,000
2009	2,399,000
2010	2,847,000
2011	3,181,000

India's, while USA and Japanese per capita consumption increased by 1% and 0.7% respectively.

In addition to this, the study found that in the last ten years China's per capita consumption increase was the highest, when compared to countries with a similar size economy. China had a total increase 103.2%, which was almost 8 times that of German per capita consumption, even though Germany had the largest and strongest economy in the EU. It was almost 10 times that of the United States and more than 15 times that of Japan. Chinese had a

per capita consumption almost double that of Russia, and 3 times the size of South Korea's.

International Trade

During the last 20 years, China received many benefits from the world's free opening, which enabled Chinese trade to expand more rapidly than any country had done before. China's international trade had an average growth more than double that of the overall world trade, becoming the 6th ranked country in 2002 with US$ 0.62 billion. In 2011 it became 2nd, with US$ 3.84 billion, equal to 24% of the total world trade. It was anticipated that China would become number 1 in 2012.

China decreased its import rate from 15.3% to 9.8%, less than what WTO levies on developing countries. The Chinese Government also opened 100 organizations to facilitate trade, the same level as the developed countries. China adjusted its trade laws, rules, and regulations to correspond to the WTO agreements. The Central Government amended more than 2,300 laws, rules and regulations while local governments adapted more than 190,000 rules and regulations.

Between 2002 and 2011, China's import of high technology goods increased over 4 times, from US$100,600 million to US$ 463,000 million. At the same time, China's imports of electric appliances and machines increased from US$198,200 million to US$ 753,300 million.

China's trade growth still continued, and it had an immense excess trade balance each year. From 2002 to 2011, China's surplus trade balance was US$1.45 billion. China increased its exports value from US$ 326,000 million,

photo: www.siemens.com

Changes of Facilities and Recreations in China

	2002	2011
Patient beds	3.2 million	5.2 million
Deluxe Hotels	8,880 hotels	11,676 hotels
Cable TV viewers	96.4 million	201.5 million
Sales of film tickets	1,000 million yuans	13,100 million yuans
Personal cars	9.9 million cars	78.7 million cars
Refrigerators per 100 rural families	19.8 refrigerators	61.5 refrigerators
Mobile phones per 100 rural families	14.8 mobile phones	179.7 mobile phones

then 4% of the world's value, to US$1.9 billion, 10.7% proportion of the total. China has been the world's largest exporter since 2010.

China's import also increased rapidly. In 2001 China imports totaled US$295,000 million; by 2011 it was the 2nd world importer, with a value of more than US$1.7 million. China was the leading importer in various categories, including coal (#1), oil (the second) and soil beans (#1).

Foreign Investment Support

Foreign businesses have been interested in increasing their investment in China ever since the opening of the country in 1975, and a dramatic increase was seen in 1994. In 2001 China broke the USA's record and attracted the most direct foreign investment in the world, with a value of approximately US$49,700 million. That quickly increased to US$ 52,700 million. Investment in China continued with a two digits rate (though China sometimes lost its position) until it reached an investment value of US$120,000 million in 2011. Investment expanded by 9.7% over the previous year, though this was a lower rate than before.

Investment from other Asian countries had a combined value of US$100,520 million, an increase of 14%, equal to 86.7% proportion of the foreign direct investment value in China. Investment from the west decreased. American investment in China totaled US$3,000 million, a decrease of 26.1% from the previous year. EU investment value totaled US$6,350 million, a decreasing of 3.7%.

The Chinese Government decided to concentrate on **high technology and innovations**, and in these areas western investment still expanded strongly. **It increased by 28.2% over the previous year. In central China it increased by 14.3%, and by 7.5% in the east, resulting in economic power. The western China also saw a continuous increase.**

Foreign Currency Reserve Fund

When China opened to investment in 1975, China had a reserve fund only US$180 million. China began adding to that steadily but slightly. It took almost 20 years for China to accumulate a reserve fund of US$100,000 million. After 1992, however, China's reserve fund began accelerating, from an increase of another US$100,000 million in 5 years, to the same in one year, and finally to just months. China had the world's fastest growing the reserve fund and also the largest amount of the reserve fund in recent years.

In the past decade, China increased its reserve fund from US$212,170 million to almost US$3.18 billion, which was 3 times that of Japan, which ranked

photo: www.wallsave.com

The World Bank anticipates the total Chinese population will be the middle class before 2030, while the Chinese labor force will increase slowly to about 815 million people.

second. China holds more USA bonds than any other country, owning one-fourth of all such bonds sold to foreign markets. The Chinese Central Bank manages the reserve fund to gain the highest economic return.

Demography

Many people are aware that China's population of 1,000 million people made it the largest country in the world starting in 1980. The increase has been continuous, though at a decreasing rate over the last 30 years. The main reason for this is the **"One Child"** policy implemented by the Chinese Government. China remains the most populace country, with an increase from 1,285 million people in 2002 to 1,347 million in 2011.

The average Chinese family has declined from 3.4 people to 3.1, while the average age increased from 30 to 35. The proportion over 60 increased from 7.3% in 2002 to 9.1% in 2011. This reflects an **"aging"** of China, where the average age is expected to reach 40 by 2027.

The ratio between men and women also improved in the last decade, as the value of having a **"son"** lessened. Forbidding the use ultra sound equipment to determine the gender of unborn infants also was a factor. The death rate of new born infants decreased from an unbelievable 21.4% in 2002 to a still high 12.1% in 2011. China also saw an increasing divorce rate, going from 1% in 2002 to almost 2% in the following years. In the past, divorce was considered disgraceful, and the economic structure made women dependent on men for support. Nowadays, things have changed and the divorce rate may actually be higher than is admitted.

The Chinese now have a better quality of life, and the number considered middle class has increased to 300 million. The World Bank anticipates the total Chinese population will be middle class by 2030. The growth of the Chinese labor force has slowed, now being about 815, but it is still more than the total population of developed countries combined. Many believe the Chinese will decrease after about 5 more years, which may why the Chinese Government is relaxing the **"One Child"** policy and allowing a **"One-Child generation"**, which means a married couple may have two children to replace themselves.

The membership of the Chinese Communist Party has now increased from 66.9 million people to 82.6 million. At the same time, the number of NGOs in China has almost doubled from 244,000 to 459,000. However, these NGOs cannot act as freely as in other countries, as the Chinese Government at every level closely watches their activities.

China has 3 large provinces, each with population above 100 million people; these are Guangdong, Shandong and Henan. An additional 4 provinces have a population between 70 and99 million people: Sichuan, Jiangsu, Hubei and Hunan. The expansion of the "city community" is an important Chinese phenomenon. Official statistics show that the proportion of urban dwellers increased from 39% in 2002 to 51.3% by the end of 2011. (The total population is 1,347 million people.) Cities with foreign residents (excluding Hong Kong and Taiwanese) were in three provinces: Guangzhou, Shanghai, and Beijing.

Infra-structure and Facilities

During the past decade, China spent an immense amount of money on developing infra-structure and facilities. The construction of roads, rail lines, and skyscrapers are obvious examples. China's reputation as a **"bicycle realm"** began to deteriorate with its economic growth. Car sales in China exceeded those of the USA, and Chinese car market became the largest in the world in 2009.

China increased its roads from about 1.8 million kilometers in 2002 to 4.1 million kilometers, starting to construct expressways in 1988. Between 2002 and 2011 China expanded expressways countrywide from 25,100 kilometers to 84,900 kilometers, a total longer than the EU and the USA.

Rail routes increased from 71,900 kilometers to 93,000 kilometers, as China studied the high speed train technologies of other countries and developed its own. China now has the longest total length of rail lines in the world. In 2007 China opened the first line between Beijing and Tianjin. It continued to expand the service until it had the total of 11,000 kilometers in 2011.

The growth of city communities and tourism demand was another cause that forced the Chinese Government to accelerating development of public utilities and facilities in important cities. Between 2002 and 2011, tourism to China increased from 880 million tourists to 2,640 million. Foreign tourists (including those from Taiwan, Hong Kong, and Macao) increased from 97.9 million to more than 135.4 million. In addition, foreign students grew to almost 300,000, from only 85,800 before this. It is no surprise that we saw construction projects such as trains, deluxe hotels, cinemas and other facilities being undertaken. Even Chinese families in rural areas had increased of facilities during the past decade.

China has become recognized as a **"Center for World Class Arrangements"**. China has hosted world and regional international events, including the World Women's Football, the Olympic Games at Beijing, the World Expo at Shanghai, and the Asian Games at Guangzhou. Being the host for these brings in investments, more tourists, increased demand, a better cash flow, and good image. All of these lead to economic growth.

"Statistics are for Being Broken" and many have been broken by China!

We must know more than just the Investment Law of Myanmar

by
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Thailand Overseas Investment Center
The Board of Investment, in conjunction with
The Center for International Trade Studies and The Faculty of Economics,
University of the Thai Chamber of Commerce

photo : www.sharanyan.com

In the previous article, the author introduced Myanmar’s new Foreign Investment Law 2012, which foreign businessmen and otherswho want to invest in Myanmar have long awaited. However, simply knowing this law is not sufficient for doing business there, as it is not a “scripture” that can lead foreign investors to success. The new law is only one of many which directly relate to investment in Myanmar. There are at least 50 other principal laws, acts, rules, regulations and agreements that Thai businessmen are not aware of. When Thai businessmen plan to invest in Myanmar, they must specify clearly which types of business theirs is, since each is different and is regulated by various laws concerning that specific business. To help the readers have a basic understanding of this, I have groupedthe rules and regulations directly related to doing business and making investment in Myanmar as follows:

The Seven Foreign Company Laws:

- Foreign Investment Law (2012)
- Myanmar Companies Act (1914)
- Myanmar Companies Rules (1940)
- Myanmar Companies Regulations (1957)
- Special Companies Act (1950)
- Myanmar Special Economic Zone Law (2011)
- Dawei Special Economic Zone Law (2011)

Thirteen Labor Laws (too many to be detailed here), the Land Law, 3 Tax Laws: the Income Tax Law (1974), the Commercial Tax Law (1990) and the Double Taxation Agreements (2012) between Thailand and Myanmar, including the tax details in each law.

The laws that are directly related with business

Whether they are interested in a 100% investment, a joint venture, or a representative office, the first thing Thai businessmen must do is to obtain a Permit to Trade Certificate from the Companies Registration Office (CRO)

include the Mining Law; 9 Oil Business Laws: the Oilfield Act (1918), the Oilfield Rules (1918), the Petroleum Act (1934), the Essential Supplies and Services Act (1947), the Oilfields, Workers and Welfare Act (1951), the Petroleum Resources Act (1957), the Law Amending the Petroleum Resources Act (1969) and the Myanmar Petroleum Concession Rules (1962); the Forest Law, Freshwater Fisheries Law, Marine Fisheries Law, Myanmar Hotel and Tourism Law, Myanmar Gemstone Law, Law Amending the Motor Vehicle Law (1964), as well as many other minor laws.

I would like to refer back to the two laws that are **the starting point for doing business in Myanmar, "the First Checkpoint". These are the Foreign Investment Law and the Myanmar Companies Act.** Whether one is interested in a 100% investment, a joint venture or a representative office, **the first thing each Thai businessman must do is to get a Permit to Trade Certificate from Companies Registration Office (CRO), which is under the Ministry of National Planning and Economic Development. This is the first step in obtaining permission to set up a company.** Whether the certificate will be granted depends on the decision of the Myanmar Investment Commission (MIC). The capital required for setting up a company varies by the type of business. One million kyat is required for an industrial company, 500,000 for trade, and 300,000 kyat for a services business. Fifty percent of the capital must be deposited at Myanmar Foreign Trade Bank (MFTB) or Myanmar Investment and Commercial Bank (MICB). The rest of must be presented within 1 year. After completing this process, foreign investors must apply for MIC Permit. The MIC will submit the application to the Foreign Investment Commission (FIC) for their approval. At this stage, the law specifies that US$ 500,000 for industries and US$ 300,000 for services is required.

After complying with these two laws, you will be regarded as an investor in Myanmar. The next step is to learn the laws related to your particular business and any other related laws (as mentioned above). By now Thai businessmen can see that doing business in Myanmar means you have a lot of homework to do. Knowing only one particular Myanmarlaw is not **the final answer to the investment.**

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