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Burma - Union of

Exporter Guide

Myanmar Exporter Guide 2017

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Report Highlights:
This report serves as a guide for U.S. companies seeking to do business in Myanmar and provides practical tips and information on local business practices, consumer preferences and trends, food standards and regulations, and import and inspection procedures. This guide also identifies opportunities and entry approaches for the three major market sectors (food retail, food service, and food processing) and key contacts. Finally, this guide identifies the best high-value product prospects for the market.

Section I. Market Overview

Country Profile

The Republic of the Union of Myanmar, also known as Burma, is the second largest country in the Southeast Asia Region with a land area of approximately 677,000 square kilometers. Myanmar shares a border with 5 countries- India and Bangladesh to the west, Thailand and Laos to the east, and China to the north and northeast. Together these 6 countries contain over 3 billion people, or 40% of the world's population in December 2017. (www.worldometers.info/world-population) To the south, Myanmar touches the Bay of Bengal and the Andaman Sea, sharing coastal waters with Malaysia and Singapore.

Country	Population as of Dec 2017
Myanmar	53,595,540
China	1,409,517,397
India	1,339,180,127
Bangladesh	164,669,751
Thailand	69,037,513
Laos	6,858,160
Total Population	**3,042,858,488**
World population	**7,600,000,000**
Total located in Myanmar and surrounding border countries: 40%	

According to the country's most recent census, which was taken in 2014, the population of Myanmar is 51.48 million people. In 2017, World Population estimated Myanmar's population to be 53.37 million people. (http://worldpopulationreview.com/countries/myanmar-population) Myanmar's capital city is Naypyidaw, which has a population of 1.16 million people. However, its largest city and former capital is Yangon (Rangoon), which is still considered to be the business center, with a population of more than 7.4 million according to 2014 census. Mandalay, the country's second largest city with a population of 1.22 million, is the chief center of economic and commercial activity in Upper Myanmar. Despite these large cities, 67% of the population still lives in rural areas, and 33% live in urban areas. Myanmar is a country of many languages, religions and ethnic groups, however according to 2014 census, 87.9% of the population is Buddhist. The National Language is Burmese; however, English is widely spoken for business meetings in Rangoon.

Myanmar's climate varies across different regions depending on local geography. Generally speaking, Central and Southern Myanmar has 3 seasons; summer, rainy (monsoon) and winter. Summer begins in March and ends in May, when daytime temperatures in the lowland areas can reach as high as 40℃. The rainy season usually starts late May, causing localized flooding and a wet environment that can make travel difficult. Winter lasts from November to February, and because it is cooler and drier than the rest of the year, it is the most popular tourist season. Average monthly temperatures between November and February are usually between 20℃ and 24℃.

Myanmar is blessed with a wide variety of minerals and ores. Its climate and geography provide a large band of arable land, as well as significant forestry and fishery resources. These natural resources continue to provide the basis of the country's economic wealth- and also constitute the target of much of its inward foreign investment.

Political Situation

Myanmar is transitioning from a country under military rule to an emerging democracy. In November 2015, Ms. Aung San Su Kyi and her NLD party won a landslide victory. On October 7th, 2016, Mr. Htin Kyaw was selected as the country's first non-military president since the military coup of 1962. On 6 April 2016, Ms. Aung San Suu Kyi assumed the newly created role of State Counsellor, a role akin to a Prime Minister. A ceasefire with eight out of 14 armed groups in the country was also signed that year, although fighting has since continued in several areas. The new government has taken advantage of the opportunity to foster deeper engagement with the outside world, including the West. As part of this trend, in 2016 the U.S. announced the official removal of remaining economic sanctions on Myanmar.

The 2015 general election gave hope to many that Myanmar had made a decisive break from its authoritarian past. At the same time, the country still faces great challenges including many rooted in decades of military dictatorship and isolation. Fighting still continues in parts of the country, despite recent advances in peace-building, with inter-ethnic and religious violence still present in certain areas. Violence carried out in northern Rakhine State against civilians following attacks by an extremist group on security outposts in the fall of 2017 was labelled as 'ethnic cleansing' by the United States on November 22, 2017, and may result in targeted sanctions against certain individuals or groups.

The government still needs to balance expectations of rapid change with the reality of the complex challenges that it still faces. Building capacity is necessary, and many of the ongoing reforms will take time. *(Oxford Business Group/the report Myanmar 2017)*

Economic Situation

Myanmar is an exciting emerging market located in a critical and rapidly changing part of the world. The enactment of a new Foreign Investment Law along with other economic reforms, the termination of U.S economic sanctions, along with the previous lifting of EU and Australian sanctions, have encouraged foreign companies to view Myanmar as a potential market.

Myanmar has a large service sector which accounts for about 46% of GDP, with industry and agriculture respectively accounting for 28% and 26% of GDP. Major sectors include agricultural processing, manufacturing, construction and transportation. *(http://hkmb.hktdc.com/en/1X09SI4E/hktdc-research/Myanmar-Market-Profile)*. Despite being a resource-rich country with a strong agricultural base, Myanmar is still the poorest country in Southeast Asia, having GDP per capital of $1,307 (IMF). GDP is forecast to expand by 7.7% in FY 2017/18 (April to March) and 8% in FY 2018/19 on the back of improved global commodity prices and stronger demand from trading partners, according to the Asian Development Bank. However, the United States and other countries are considering new accountability measures in response to the violence in Rakhine, and foreign direct investment and tourism are expected to suffer as a result of these issues.

A new investment law to supersede the *Foreign Investment Law* of 2012 and *Myanmar Citizens' Investment Law* of 2013 took effect in April 2017, helping to level the playing field between local and foreign investors. According to the Myanmar government's official statistics, total foreign investment in the country reached $73 billion in July 2017. China is the top foreign investor with more than $18.5 billion, followed by Singapore with approximately $16.8 billion, and Thailand with $ 10.9 billion. The oil and gas sector accounted for the highest investment of $22.4 billion, followed by the power sector at $20.5 billion and transport and communication totaling $8.1 billion. Agricultural investment is only about 0.4 percent of total investment. *(Oxford Business Group/the report Myanmar 2017, Economist Intelligent Unit country report 2017/ Myanmar)*

Trade Agreements

Myanmar has bilateral trade agreements with Bangladesh, Sri Lanka, China, South Korea, Laos, Malaysia, the Philippines, Thailand, and Vietnam in the Asian region, as well as with a number of Eastern European countries and also has border trade agreements with China, India, Bangladesh, Thailand, and Laos.

Burma is also a party to many regional free trade agreements. These include the ASEAN Free Trade Area, and ASEAN agreements with Australia, New Zealand, India, Japan, China, and Korea. Burma also is participating in the 16-member Regional Comprehensive Economic Partnership negotiations. Myanmar's top trading partners are Thailand, China, India, Japan and Singapore. The United States and Myanmar also signed a Trade and Investment Framework Agreement in May 2013. (*https://www.export.gov/apex/article2?id=Burma-import-tariffs)*

Taxes and Tariffs

As a member of the ASEAN Free Trade Area (AFTA), Myanmar has committed the Common Effective Preferential Tariff Scheme (CEPT) to reduce intra-ASEAN import tariffs for 93% of the total tariff lines by 2015, and 100% of the total tariff lines by 2018.

Myanmar is a member of World Trade Organization (WTO) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). However international tariff standards cover only 18 percent of its goods and services. While its commitment to binding international tariffs agreements is limited, Myanmar generally levies tariffs that are comparable or lower than that of other countries in the region. Agricultural goods have an average tariff of 8.7 percent while non-agricultural goods have an average tariff of 5.1 percent. Tariffs generally range from 0 to 40 percent. Luxury items have the highest tariffs.

The government can levy three types of taxes on imports: import duties, commercial taxes, and license fees. The Customs Department bases its valuation on customs, insurance, and freight (CIF) value. For some commodities, the Customs Department uses its own reference guide to determine the value of imports. The guide lists prices in kyat based on the price of these goods in Myanmar, which is sometimes substantially lower or higher than their value outside of Myanmar. (*https://www.export.gov/apex/article2?id=Burma-import-tariffs)*

Export and Import

According to Myanmar Custom Department statistics, Myanmar's total exports reached $11 billion in FY17 (April 2016 to March 2017). Manufactured products make up 48 percent of total Myanmar exports and continue to rise, followed by agriculture crops at 25 percent, mineral products at 9 percent, marine products 4.6 percent, forest products and animal products 3.6 and 0.1 percent respectively. After petroleum gas, Myanmar's top export was agricultural products, including rice, beans, maize, sugar and sesame seeds. The country is one of the top global exporters of beans and pulses, exporting more than $1 billion annually. Its largest mineral export is jade, and the country is one of the world's largest producers of high-quality jadeite.

In FY2016-17, Myanmar's trade deficit amounted to $5.4 billion, which is an increase from $4.1 billion in FY2014-15. As of September 2017, the trade deficit is expected to decrease in FY2017-2018 as the government tightens controls on FDI, taxes, and some imports.

Major imports to the country include capital goods such as machinery, transportation equipment, base metals; intermediate goods such as refined mineral oil; and edible goods. Customs data shows that imports of capital goods (investment products) rose from $3.8 billion in 2013/13 to $6.9 billion in 2016/17. Imports of Intermediate goods (raw materials) also recorded consecutive annual growth. Imports of consumer goods doubled between 2013/14 and 2016/17, rising from $2.3 billion to $4.1 billion. Top suppliers of these imports were China (46%) and Singapore (21%), followed by Thailand, Japan, India and Malaysia. *(http://www.commerce.gov.mm)*

Myanmar Exports and Imports in 2012-2013 to 2017-2018 Fiscal Year (up to September)

(US$ in Million)

NO	SECTOR	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018 (up to Sept')	% of exports
	EXPORTS	**8977**	**11204**	**12524**	**11137**	**11904**	**7219**	
1	Agricultural products	2697	2661	2920	2616	2929	1498	24.7%
2	Animals products	33	15	8	8	11	8	0.1%
3	Marine products	624	516	421	470	582	290	4.6%
4	Mineral products	399	1339	1499	968	1011	666	9.3%
5	Forest products	596	948	94	213	247	112	3.6%
6	Manufactured products	4493	4638	6525	5734	5413	3323	48.2%
7	Other	136	1086	1057	1128	1712	**1321**	9.5%
	IMPORTS	**9069**	**13760**	**16633**	**16578**	**17199**	**9090**	
1	Investment products	3842	5692	8038	8254	6922	3312	43.9%
2	Raw materials	3729	5684	5682	4821	6146	3497	35.9%
3	Consumer goods	1498	2384	2913	3503	4131	2281	20.2%
	Trade Deficit	**-92**	**-2556**	**-4109**	**-5441**	**-5294**	**-2145**	

Source: Customs (http://www.commerce.gov.mm)

While U.S. trade with Burma remains small, since the initial lifting of sanctions, it has grown significantly. According to Ministry of Planning and Finance data, Myanmar's exports to the United States significantly increased in FY2016-2017, reaching US $690.63 million, however this is still only 2.39% of total exports. Myanmar exports large amounts of garments to the United States, valued at US $91.31 million in FY2016-2017. Other exports include pulses (5%), foot wear (3%), timber (2%), fishery products (4%), and agricultural products (4%).

Top U.S. export to Myanmar included aircraft, soybeans and soybean meal, machinery, and optical and medical equipment. Myanmar imports large amounts of transport equipment, machinery and mechanical appliance from United States. Other U.S. exports to Myanmar include base metals, pharmaceutical products, electrical machinery and apparatus, scientific instruments, mineral fuel, artificial fabrics, chemical elements, soap, dyeing materials, glassware, agricultural products like edible vegetable oil and other hydrogenated oils, dairy products, rubber products, spices, wheat flour, fabric, and fertilizer.

Myanmar Trade with the United States (2013 April – 2017 March)

(US$ in Million)

No.	Description	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017
1	Exports	24.78	50.88	69.22	192.05

2	Imports	79.66	494.04	127.68	498.58
3	Total Trade	104.44	544.92	196.9	690.63
4	Trade Balance	-54.88	-443.16	-58.46	-306.53

Source: CSO (http://http://www.csostat.gov.mm)

The bilateral trade between Myanmar and the United States has grown since 2012, when the government of Myanmar started its economic and political reforms. Myanmar exports to the U.S. grew from very little in 2012 to more than $69 million in 2016. Direct U.S. Exports of agricultural products to Burma totaled US $82.4 million in 2016, which was an increase of 115% from the prior year. Soybean meal, distiller's grains and other intermediate products counted for much of total growth. U.S. exports of consumer oriented products also grew 60% to US$4.6 million. However, because of trade restrictions implemented by the Myanmar Government related to demands for Pest Risk Analysis (PRA) which were implemented in January 2017, imports of intermediate goods and bulk goods in 2017 are 23% behind 2016 levels *(New Pest Risk Analysis Requirements_Rangoon_Burma_Union of_3-23-2017).* Top U.S. processed food exports to Myanmar in 2016 included food preparations, protein concentrate, processed/prepared dairy products, prepared/preserved seafood, processed vegetables, pulses and beer and wine. However actual U.S. exports of agricultural products that end up in Myanmar are likely much higher due to the amount of products that are procured through Singapore and elsewhere. *(https://www.foodexport.org/get-started/country-market-profiles/southeast-asia/myanmar-country-profile)*

U.S. Exports of Agricultural & Related Products to Myanmar (FY 2012 – 2016 and Year-to-Date comparisons)

(US$ in Million)

Product	**2012**	**2013**	**2014**	**2015**	**2016**	**2016 Jan - Aug**	**2017 Jan - Aug**	**Change%**
Bulk total	3	6	5.9	5.5	13.3	7.9	7.7	-3.1%
Intermediate total	5	5.2	8.2	30.1	64.3	41.1	31.6	-23.1%
Consumer Oriented Total	1	1.3	2.4	2.9	4.6	3.1	3.4	8.3%
Agricultural Products	**9**	**12.5**	**16.5**	**38.5**	**82.2**	**52.2**	**42.7**	**-18.2%**
Agricultural Related Products including Fishery and Forestry	0	0.8	1.3	1.1	0.8	0.4	0.8	104.%
Total	**9**	**13.3**	**17.8**	**39.6**	**83**	**52.5**	**43.4**	**-17.3%**

Source: BICO Report

Financial Situation/Banking

According to the Central Bank of Myanmar there are 24 private domestic banks and four state-owned banks in Myanmar. There are also 12 foreign bank branches, primarily from Japan, China, and ASEAN countries with licenses to operate in Myanmar. There are currently no American banks in Myanmar. The international banks have restricted operating licenses that allow them to offer limited banking services, such as corporate banking, but they cannot do retail banking nor direct lending to local companies. Most financial transactions with U.S. companies are conducted via intermediary banks in Singapore and Thailand.

Western Union, a U.S company and leader in the field of international money transfers, entered Myanmar in January 2013 by partnering with a large number of local banks, and has the largest market share in this sector. Other international money transfer service providers operating in Myanmar include Xpress Money, MoneyGram, and Maybank. *(https://www.export.gov/apex/article2?id=Burma-banking-systems)*

Inflation and Exchange Rate

Myanmar's economy has recently faced a weakening real estate market, an adjustment in the construction sector, lower demand from major trading partners, weak commodity prices, and a depreciating kyat. The recent kyat depreciation is primarily driven by the strengthening of the U.S. dollar and a widening external current account deficit. According to the Economist Intelligence Unit 2017 Country Report, inflation will average 7.8% from 2017 to 2021 in response to a sustained currency weakness compared with 2012-16, continued monetization of the fiscal deficit, and strong domestic demand-pull pressures. It is expected that the kyat will depreciate from an average of Kyat 1235: US $1 in 2016 to Kyat 1553: US $1 in 2021. *(Economist Intelligent Unit country report 2017/ Myanmar)*

E-Commence

In Myanmar, as recently as 2014, virtually all payments such as utility payments and government transfers were made in cash, frequently requiring cash to be physically transported from one location to another. In January 2016, the Central Bank introduced the country's first real-time gross settlement (RTGS) system and electronic payment infrastructure, installed under the new Financial Institution Law in collaboration with the Japanese International Cooperation Agency. Under the system, Myanmar's Central Bank and local banks are connected through a system called CBM-Net. It is now much easy to transfer both local kyat and USD through banking mobile apps for associated banks.

The number of ATMs in the country has grown rapidly, from several hundred in 2013 to nearly 1,700 in early 2016. ATM machines are now readily available in most large cities and major hotels, and many shops and restaurants accept payment by credit or debit card. The use of debit and credit cards including MasterCard, Visa, and JCB is expanding, however securing payment and establishing the credit worthiness of a buyer in Myanmar is still challenging. Although growing in scope, these services are largely limited to the main urban centers of Yangon and Mandalay and other major tourist zones. Overall, 90% of population still does not have access to electronic banking. (http://assets1b.milkeninstitute.org/assets/Publication/Viewpoint/PDF/083117-MyanmarBanking.pdf)

These developments have paved the way to allow some E-Commerce and online shopping in Myanmar; however sales in this sector are still relatively small. Until recently, internet use was not widespread and the internet or social media platforms were used more to advertise than to actually make sales. With the reduction in the cost of sim cards, smartphone use has grown rapidly, offering potential for the ecommerce sector. There are currently many online shopping platforms trying to attract more customers. In 2016, Shop.com claimed to be the largest online retailers, however, the popularity of selling through online Facebook pages has been growing. Limited internet speed and reliability in Myanmar is one barrier for growth in this sector, and in-store sales still dominate the retail sector. The Food and Drug Administration has questioned whether some products being sold online have undergone the same food safety inspections as traditional channels and has indicated that it will out more efforts towards regulating online food sales.

Transportation

The high GDP growth in Myanmar is being driven by liberalization of the economy. At the same time, international trade, business travel, tourism and urbanization are taking off, along with significant infrastructure construction projects across the country. For companies and organizations, the most significant transportation hubs are ports, waterways, railways and airports. There have been 142 proposed projects for road, rail, maritime, inland water transport, and air sectors in the National Transport Master Plan since 2012. The plan's overarching intention is to position Myanmar as a logistics hub, offering South and Southeast Asian countries overland routes into Bangladesh, China, India, and Thailand.

More than 90% of Myanmar's trade passes through the Port of Yangon. The shallow waters of the port in Yangon cannot accommodate large vessels. Consequently, all incoming sea freight shipment of imported products need to be transshipped in Singapore. The port's berth allowance depth is only 9 meters and a vessel's maximum permissible draft is subject to the depth of the inner bar, which is shallow during the dry season. The allowable length of 167 meters is also a constraint for large vessels. However, the government has approved plans to develop new large-scale harbors, deep sea ports and waterways like the planned bulk terminal at Thilawa next to Yangon, which is scheduled for completion in April 2019; another at Dawei Port in Southern Myanmar, which is planned to handle upwards of 100 million metric tons of products a year; and another at Kyaukphyu port in the west coast of Myanmar which is being developed by both India and China, all in the vicinity of new special economic zones. Due to the bad condition of the road and railway network, Myanmar is dependent on sea and river transport externally and internally, supplemented by air transport.

Myanmar has 69 airports, of which 34 are currently in use, including three international facilities: Yangon, Mandalay and Naypyidaw International Airports. International passenger volumes doubled between 2010 and 2015 to hit 3.4 million, with an average annual growth rate of 17%. With facilities becoming increasingly strained, a new Hanthawaddy International Airport, located north of Yangon in Bago, is also planned for construction. It will offer a capacity to handle 12 million passengers upon completion. A rising number of foreign carriers have entered the market in recent years, including Emirates Airlines, HK Express, Thai Lion Air, etc. MAI and MNA also expand the international destinations to China and India. There are currently 11 national airlines operating a total of 341 weekly services between Myanmar and 21 international destinations.

Myanmar Railways (MR), a state-owned agency, operates the railway network of over 6,000 km of railways. The railway infrastructure is generally poor and almost non-existent during the monsoon season. There are two large development projects in the railway sector; the Yangon-Mandalay Railway Improvement Project (7 years from 2017 to 2023) and the Yangon 47 km Circular Railway Line Upgrading Project (7 years from 2015 to 2022). Both are being supported by Overseas Development Assistance loans from Japan.

The total road length in Myanmar is 140,914 km, of which 39,076 km are paved road and 667 km are express roads. Decades of underinvestment in infrastructure and poor maintenance of existing highway networks have caused significant deterioration of the road system. The government has declared plans to build around 34,400 km of roads over the next 20 years, with the assistance of foreign aid and other loans. Most of the work will focus on the economic heartlands of Yangon, Mandalay, Bagan, and Pyay as well as the international corridors across the country. Moreover, according to Nikkei Asian Review, serval new projects to upgrade and build new links to China and India by rail and road are also under way, which could bolster cross-border trade and help Myanmar to become a major ASEAN economic center in the coming years.

(https://www.marketopportunities.fi/opportunities-in-developing-transportation-infrastructure-in-myanmar, *Oxford Business Group/the report Myanmar 2017)*

Logistics

Many imported food and beverage (F&B) products come into Myanmar overland from neighboring countries, particularly China, India and Thailand or by sea through Yangon Port. A growing numbers of direct air links with key Asian cities can provide a channel for air freight for perishable items, however, they are costly to use. Foods are often imported into

Myanmar via distribution centers in Singapore and Thailand. *(British Chamber of Commerce Myanmar, F&B Retail Market in Myanmar September-2016)*

The logistics system is improving, and logistics agents can be a useful tool for getting products where they need to do. They can also help gain access to harder to reach areas. According to the head of sales and marketing from Advantis Myanmar Logistics company, around 60% of imports come via Yangon Port and 40% arrive across the Thailand and China borders. Imported products, including food items, find their way to the market whether through legal or illegal means. Although the process for importing products legally is become easier, legitimate importers still face some hurdles, for example getting FDA approval to import food takes approximate one month, even for samples. We will discuss regulations in greater detail later in the report.

In terms of freight cost, it is still high compared to other neighboring countries. In LPI (Logistic Performance Index, 2016), Myanmar stands at 113 while all other ASEAN countries are ranked much higher. The Yangon City Development Council (YCDC) allows traveling containers and large trucks on the roads only between the hours of 9 PM to 6 AM within Yangon. According to local traders, this policy adds extra burden on customers. They argue that while the infrastructure is getting better, the government should pay more attention to how to also make the system more efficient and business friendly and less bureaucratic for business that aim to follow the rules.

Advantages and Challenges

Advantages	Challenges
A dynamic and eager younger population under the age of 30 is willing try new products and is receptive to trends that fit their increasingly westernized lifestyles.	Stiff competition from other Asian countries such as China, Japan, Singapore, South Korea, and Thailand that have logistical advantages and that entered the market before the United States.
Strong untapped market of more than 51.4million people and a rapidly increasing middle class.	Local consumption habits continue to favor local products, due to availability and familiarity.
Growth in the tourism industry and an increase in the number of hotels lead to greater demand for imported hotel, restaurant, and institutional food products.	U.S. products are not always price-competitive due.

The lifting of sanctions by the U.S. and the EU is a positive signal and allows for greater economic development and foreign investments in Myanmar.	Free trade agreements with Australia, New Zealand, China and ASEAN countries make U.S products less competitive especially for high value consumer products.
Expansion for Retail Markets rather than wet markets offers new inroads for consumer oriented products.	Regional tourists sometimes seek cheaper local food alternatives and food products sourced from their respective countries.
Advantages	**Challenges**
Large number of unemployed population provides sufficient labor force necessary for the growth of a basic manufacturing sector, which will constitute a sizable consumer market.	Shortage and unstable power generation makes it challenging to maintain quality and quantity of chilled and frozen products.
Good potential for strong economic growth due to the country's rich natural resources, low cost labor force, and attractive tourist destinations.	Underdeveloped logistical and financial infrastructure and high transportation and port costs.
Growth in number of convenience stores and Franchise provides the new opportunities of US food and snacks.	Low awareness and limited knowledge of U.S. products and major brands.
Myanmar generally levies tariffs that are comparable or lower than that of other countries in the region.	A legal and regulatory system that relies on practices and government discretion rather written laws, which causes additional risks for U.S. companies.

Section II. Exporter Business Tips

Local Business Customs

Myanmar has a very diverse mix of cultural and religious communities, although Buddhism is the dominant religion and Burmese is the largest ethnic group. Buddhist culture places great emphasis on harmony and respect. Myanmar people are friendly and open, but they expect business people to be polite, patient and respect their cultural norms. Also in keeping with other countries in the region, there is a strong tradition of respect for elders, throughout society and in business.

The Myanmar people refer to each other by their full names and titles. Most Myanmar people do not have family names or last names, and instead have a series of given names. Upon introduction, it is important not to shorten a person's name; however some Myanmar people have anglicized their names and may invite you to use this when addressing them. Business cards are an important part of the business culture and it is common practice to hand them out with the right hand, using the left hand to support the right arm near the elbow. If a businesswoman offers a man her hand, it is acceptable to shake it, but a man should not offer his hand to a woman – a small bowl is enough. In general, male to female contact is avoided in public.

It is important to build relationships with Myanmar counterparts and recognize that business decisions are not made quickly. Attempts to do business in a fast-track way, without sufficient regard for the local culture and procedures, may lead to frustration, and perhaps offense. Often a first (or even second) meeting will simply be an opportunity for parties to get to know each other, as a prelude to more serious or in-depth matters being discussed later.

Myanmar has a deep culture of hospitality and openness. It is common practice for Myanmar people to give government officials, or those at a VIP event, a modest gift of little commercial value such as an item of clothing, an office pen or standard company labelled item.

As in much of Asia, making the right connections can be crucial in networking and securing deals; being introduced by a mutual, trusted contact goes a long way. Golf has long been popular in Myanmar, and is an established means of networking.

Business and politics in Myanmar are dominated by men, but there are increasing numbers of women involved, from running small businesses to participating in board level and cabinet politics. Democracy hero State Counsellor Aung San Suu Kyi is the most revered figure in the country and effectively its political leader.
(https://www.go-myanmar.com/doing-business-in-myanmar, https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Myanmar/Doing-business)

General consumers tastes and preferences

According to the Myanmar consumer review by Nielsen MMRD in 2015, close to one-fourth of monthly household expenses are for items beyond food and shelter such as health, clothing and education. The majority of people spend 33% percent of their income on food and groceries. Myanmar's staple food is rice, which locals love to mix with curries that are spicy and normally cooked in oil. A condiment made from preserved/dried fish or prawn and chili powder is usually served with boiled vegetables along with a soup of mixed vegetables. Noodle dishes are also popular and are often mixed with chicken. Tea and coffee are popular drinks that are usually mixed with milk and sugar. Across food & beverage categories, dry tea has the highest penetration among individual consumers at 81%, followed by coffee mixes with milk and sugar, at 78%.

Most Myanmar consumers in both rural and urban area are normally not very health or food safety conscious. They love to eat at foods stalls along the streets, even ones that don't have much knowledge about food hygiene standards. However, consumers with more access to education and higher incomes, particularly in the urban areas are increasingly more conscious about where they eat. Because of the opening up of the country and more interaction with foreign cultures though business, tourism and social media people are learning more about imported products and eager to try out new cuisines. This is changing the eating habits of consumers, and supporting a boom in international restaurants and bistros. Also the popularity of cooking programs on televisions. Consequently, Myanmar consumers are increasingly experimenting with food at restaurants and at home, including Italian, Indian, Chinese, Thai, Korea, Japanese and American cuisine. Importers and suppliers of foreign ingredients can increase their sales in Myanmar if they give more information about recipes and how to use their products, as well as the health benefits or nutritional information that the consumer might not be aware of.

Consumer Buying Habits

In Myanmar, traditional trade consisting of wholesale and retail shops represents around 90% of the market. On the other hand, modern trade and convenience stores are expanding. Myanmar people value relationships, and so still like to visit traditional shops that they have been using for many years. In fact, 90% of households still go to wet market to get fresh meat and vegetables. However, consumer buying habits are changing. Working youths and households often prefer to go convenience stores and supermarkets in order to buy get fast foods and packaged products. Many do not cook regularly as they instead enjoy going out to restaurants and trying new cuisines.

With the increase of internet access and social media, especially Facebook, Myanmar consumers are starting to browse things online and even order through delivery services. This is a small but growing channel, and has especially taken off for the restaurant sector.

Food Standards and Regulations

The Department of Food and Drug Administration (FDA) is Myanmar's food safety regulatory body, which oversees the safety and quality of food, drugs, medical devices and cosmetics. It regulates and controls the manufacture, import, export, storage, distribution and sale of food and drugs, in the interests of public safety. Importation of all food related products requires approval from FDA. Please refer to the National Food Law and Standards 2013 for more information. **(**http://www.wipo.int/wipolex/en/text.jsp?file_id=182276)/ **National Food Law Amendment (16-8-2013)**

General Import and Inspection Procedures

There were previously no specific quarantine requirements for fresh fruit and vegetable imports from the United States to Myanmar until January 2017; when the government of Myanmar imposed a new pest risk analysis (PRA) requirement for imported plant commodities. Since that time, the Plant Protection Division (PPD) has approved imports of several U.S. products such as potatoes, apples, grapes, soybeans, wheat, corn and other grains, but some products such as cherries, berries, and lettuce still need approval before imports can resume. The USDA Animal and Plant Health Inspection Service is working with U.S. industry to submit the remaining applications. Because laws in Myanmar sometimes change suddenly, U.S. exporters need to work with their importers to ensure compliance with latest requirements.

In addition to quarantine restrictions, importers must also obtain the appropriate import permit. The Ministry of Commerce issues import licenses for most food products. The Department of Food and Drug Administration (FDA) is responsible for inspecting and clearing imported food at the border and providing what is referred to as a Food Safety Recommendation.

Importers must obtain a food import license for each product line being imported (i.e. each SKU requires a separate license). Food import licenses will only be issued if the importer presents a food safety recommendation for each food product. Food safety recommendations for most products are issued by the FDA. A limited number of products like poultry, fresh meat and fish also require a Recommendation from the newly formed Meat Inspection Board and the Ministry of Livestock and Fisheries in order get an import license. It can be difficult to receive a Recommendation from the Meat Inspection Board for meat products.

The application to the FDA for a Food Safety must be accompanied by;

1. An application letter
2. A product sample of 1.5 kilograms or 1.5 litres
3. A certificate confirming that the product is allowed for sale as food in the country of origin (a “free sale certificate”)
4. Product specifications containing the following information:
    - Product description
    - Ingredient list
    - Physical and chemical analysis
    - Nutritional information
    - Microbiological standards

- Packing
- Storage and shelf life
- Manufacturing license
- Payment of the relevant fees

The FDA reviews these documents and carries out a laboratory inspection on the product. If granted, the FDA Recommendation lasts for two years. The next time a consignment of the same product arrives in Myanmar, a further Recommendation isn't needed from the FDA up until the expiration of the Recommendation.

Imports into Myanmar are also controlled by the Customs Department of the Ministry of Finance. Customs is responsible for assessing and collecting applicable customs duties and taxes on imports and carrying out other regulatory and law enforcement responsibilities relating to imports.
(https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Myanmar/Industries/food-and-beverage)

Section III. Market Sector Structure and Trends

Retail Sector

Myanmar's retail market is estimated to be around 15% of the country's GDP or US$ 7.5 billion and is expected to grow significantly in 2017-18 as the population of 51.4 million increases its purchasing power. The sector offers significant investment potential to foreign retailers, and retail sales are expected to expand in the coming years on the back of positive macroeconomic indicators, including forecast GDP growth of 7.8% during FY 2016/17 following 8.5% and 7% growth in FY 2014/15 and 2015/16, respectively, according to the World Bank. Moreover, The country now offers a growing market for foreign consumer goods by companies looking to diversify their portfolios. McKinsey forecasts that spending on consumer products in Myanmar could grow to US $100 billion by 2030, which is triple the current $35 billion.

The Burmese retail sector has seen a large number of foreign consumer brands enter the country over the past four years. The number of foreign consumer brands available in Myanmar is expected to double in fiscal year 2017-18. The rise and growth of supermarkets in Myanmar, especially in Rangoon, Mandalay, Nay Pyi Taw and Bagan is mainly attributed to a growing middle-income consumer segment and the increase of expatriates working in these cities.

The country's retail market is made up of traditional trade (90%) and modern trade (10%). However, modern trade is rapidly growing in Myanmar with the number of modern retail outlets reaching 700 in 2015-2016. Moreover, 90% of the households still go to traditional markets to buy fresh meat and vegetables. However, as mentioned earlier in this report, lifestyles and trends are changing rapidly as more consumers choose to visit traditional markets less frequently and instead visit supermarkets and convenience stores. There are over 300,000 total retail stores in Myanmar according to the Myanmar Retailer's Association. According to City Mart Holding Limited (CMHL), grocery, convenience, fabric, pharmacy, and fashion are the top 5 retail outlet categories, accounting for 45% of total retail outlets.

Myanmar citizens returning from abroad have also contributed to these changing demographics. This has increased demand for a wider range of food and beverage products, especially imported products. The imported food distribution network in Myanmar primarily flows through importers/distributors and retailers. The modern retail food stores in Myanmar are dominated by a few players who import directly mainly through agents in Singapore and carry a large selection of high-quality imported products. Most premium quality imported products are available at Marketplace supermarket (5 stores) operated by City Mart Holding. The main modern supermarkets and hypermarkets are Citymart Supermarket (23 stores) and Ocean Supercenter (13 stores), which are owned and operated by City Mart Holding; Orange Supermarket by Creation; and Capital Hypermarket operated by the Capital Diamond Star Group. Other popular supermarkets are Sein Gay Har supermarket; Gandamar Whole Sales; Ruby Mart; and Junction Centers. Most supermarket outlets are located in Rangoon with a few in Mandalay, NayPyiTaw, Bago and Mawlamyine.

According to Colliers 2017 Q2 report, the total retail area extended more than 290,000 sq m (3.1 million sqft) in Q2 2017, with a sizeable increase in supply of new malls coming mostly as part of mixed-use developments. The recently opened Junction City Shopping Mall owned by Shwe Taung Development Co. Ltd and the Myanmar Plaza owned by Vietnam's Hoang AnhGia Lai (HAGL) are currently the two most popular shopping centers in Yangon. They both are part of trendy buildings complexes consisting of a hotel, restaurants, retail shops, a gym and offices, and are crowded with young shoppers, foreign expertise and middle and upper income people. Other modern shopping malls including Junction Square Extension by Shwe Taung Development Co. Ltd., Golden Link by Htike Sin Co., Ltd., St. John City Mall by City Mart Holdings, Fortune Plaza by Excellent Fortune Development Group, and The One Shopping Mall by Creation (Myanmar) Group of Companies Ltd are very trendy and upbeat and offer a new shopping experience to many consumers in urban areas of Myanmar.

In summary, top shopping centers in Rangoon are Dagon Centres I and II, FMI Centre, the "Junction" branded malls, Taw Win Centre, Ocean Super Market, Myanmar Plaza, Maw Tin Center, Hledan Center, Sein Gar Har, Culture Valley Yangon, United Living Mall, Gamone Pwint, Yuzana Plaza, Ruby Mart, Parkson, Super One, Capital Hypermarket, Junction City and Sule Square.

Like shopping malls and supermarkets, the number of convenience stores such as ABC, City Express, Grab and Go, AM-PM, GQ Convenience store, KumuDra Convenience Store, ShwePaline Mini Mart, PyaeWa General Store and Union Mini Mart has rapidly increased in recent years. There are more than 80 ABC convenience stores operated by TMW group, more than 50 City Express convenience stores operated by City Mart Holding Co., Ltd, over 200 Grab and Go (G&G) convenience stores operated by Capital Diamond Star Group and 7 Nation convenience stores operated by Super One Group.

A wide range of imported food and beverages are available in these retail stores. However, local brands of alcohol beverages, instant coffee, and cookie assortments dominate the shelf space for these product categories. Some U.S. grocery products such as snacks, breakfast cereals, jams, condiments, processed meat and fresh fruits are available in Myanmar's retail food markets. The import of these U.S. food items is currently done through Singapore and few are shipped directly from the United States. Therefore a partnership with third party entities already in the market in either Singapore or Myanmar can help U.S. companies enter or expand into the Myanmar retail sector. Government regulations on product distribution have recently been revised and may allow foreigners to invest in the hypermarket and supermarket segments. Under the revised rules, foreign investors could hold up to a 49% stake in a joint venture with local investors.
(https://www.export.gov/apex/article2?id=Burma-Consumer-Goods)

Food Service in HRI

Tourism

With more than 50 percent of the land covered in natural forests and one of Southeast Asia's last vestiges of traditional hill-tribe life, Myanmar draws a large number of tourists interested in eco- and cultural- tourism. In line with the changing political climate, Myanmar's tourism industry has become one of the fastest growing in the country. The direct contribution of Travel & Tourism to GDP was 2.2% of total GDP in 2014, and it rose to 6.8% in 2015, according to an estimate from the

World Travel and Tourism Council. The WTTC also forecasts in its 2016 business outlook for the tourism industry that the sector's total contribution to Myanmar's GDP will increase by 5.9% in 2016 and by a further 7.8% per year through to 2026.

In 2010, Myanmar had the least amount of tourist arrivals of any ASEAN country at just over three hundred thousand. In comparison, Laos had 1.2 million tourists, and Thailand had 14 million. According to the Ministry of Hotel and Tourism, tourist arrivals significantly increased in 2013 from over 1 million in 2012 to over 2 million in 2013, and almost 4.7 million in 2015. In 2016, the tourist counting system changed to exclude day-trippers from neighboring countries who may only spend a couple of hours in country, because this does not meet UN World Tourism Organization standards on data collection. As a result, the data for 2016 reflected a 38% drop to 2.9 million, although the overall tourist outlook appears promising. The violence in Rakhine state however, has already had some effect on tourism for 2017, so this may impact overall numbers in the future.

Tourist Arrival to Myanmar (2011-2016)

Entry Point	2011	2012	2013	2014	2015	2016
Yangon	364,743	559,610	817,699	1,022,081	1,180,682	1,080,144
Mandalay	20,912	32,521	69,596	90,011	107,066	128,387
Nay Pyi Taw	5521	1250	11,842	19,261	13,835	16,224
Mawlamyine/Myeik/ Muse/ Tachileik/Myawaddy/Tamue/ Hteekhee			1,024	271		47,841
Border Gateway	425,193	465,614	1,144,146	1,949,788	3,379,437	1,634,611
Total	816,369	1,058,995	2,044,307	3,081,412	4,681,020	2,907,207
Growth (%)	3.14%	29.72%	93.04%	50.73%	51.91%	-37.89%

Source: Ministry of Hotel and Tourism (www.tourism.gov.com)

More than 800,000 tourists entered Myanmar by air, ship while more than 2.2 million tourists visited the country through border entrances. Tourist arrival is highest in the Yangon, Mandalay, Inlay and Bagan hotel areas. The Ministry is working on a plan for attracting more tourists to the Tanintharyi Region and has participated in tourism exhibitions in other countries. In 2016, About 63% of tourist came from Asian countries, 19% percent from Western Europe, 7.2% from North America and the rest from other countries. Most visitors are from Thailand, China, Japan, Korea, France, UK and the United States. According to the Ministry of Hotels and Tourism, tourist in 2016 spent $2.19 billion and an average of $154 per person per day, compared with $2.12 billion and a daily average usage $171 per day in 2015 and $ 1.79 billion and $170 in 2014. The average length of stay has increased from 9 days in 2015 to 11 days in 2016, although the daily spending amounts declined.

The McKinsey Global Institute has estimated that tourism will contribute approximately US$14.1 billion to Myanmar's GDP by 2030. In January 2015, an American SME, Solimar International, signed a three-year contract with Myanmar Tourism Federation (MTF) in North America to provide marketing services. The objective of this partnership is to position Myanmar as an exciting, exotic, and undiscovered destination for North American tourists.

Hotels

The tourism sector offers great sales opportunities for U.S. high-value food products. From 2011 onwards the number of hotels in Myanmar started to rise dramatically and during the high season there was often a hotel room shortage. The year 2013 turned out to be the high point in room prices. The hotel situation in Myanmar has since improved because many new hotels have been built; the number of rooms in Yangon and Mandalay has almost doubled in 2016. Myanmar has 2000 travel companies, more than 34,834 hotels/motels and guest houses. Of these, 354 hotels are located in Yangon, offering about 17,708 rooms in 2016 according to Myanmar Tourism Statistics. Myanmar generated more than US $2122 million in 2015 from the hotel and tourism sector, up 18.6 percent from US $1789 million in 2014. Most hotels are located in Yangon, Mandalay, Naypyitaw, Bagan and Nyaungshwe.

Meanwhile, foreign investment in the tourism industry rose to $2.9 billion through August 2016 compared to $2.7 billion for all tourism related projects in 2015 according to the Ministry of Hotels & Tourism. Many hospitality companies, including from in the U.S., have invested in Myanmar's hotel and commercial buildings sector. Singapore is currently the heaviest foreign investor in Myanmar's hotel sector with investments of over $1.6 billion in 22 tourism-related projects. Thailand has invested $445 million in 11 projects and Vietnam has invested $440 million in one project which is the HAGL Myanmar Centre/Plaza with the Melia Hotel. In addition, Malaysia, Japan, China and South Korea have also made some commitments to invest in the country's hotel sector.

Myanmar continues to need additional investments to meet the increasing demand for high-quality accommodation. Novotel, Pan Pacific, Kempinski, Amara, Dusit, Melia, AccorHotels, Shangri-La, Orient-Express, Hilton, Sedona, Best Western and Savills have already entered the Myanmar hotel sector. The French group AccorHotels first partnered with Max Myanmar Group to develop Novotel Yangon Max, along with hotels in Mandalay, NayPyiTaw, Shan state, Muse and Inle Lake. Worldwide Hilton contracted with Eden Group to manage five stars Hilton hotels in Ngapali, NayPyiTaw, Bagan, Inle Lake and Mandalay. Lotte Hotel, managed by South Korea's Lotte Group, recently opened on September 2017. Hong-Kong based GCP updated and rebranded its mid-range Thamada Hotel Yangon into G Hotel. Starwood plans to open its first hotel in Myanmar, "Sheraton Yangon," in 2018. Marriott, according to the company's Asia-Pacific president, has "ongoing discussions with potential partners" in the country. Bangkok's "Centara" is expected to announce a project in Myanmar soon. (https://www.export.gov/apex/article2?id=Burma-travel-and-tourism)

Due to violence in Northern Rakhine state, visitors cancel their bookings especially to Nagapali beach in November and December 2017, and so room occupancy is expected to decrease in the 2017-18 season. Ngapali is famous for its seafood, and 99% of visitors come for seafood. However, imported dairy products, some meats and wine especially from Austria and domestic products from other regions can be found in restaurant and hotel menus. There is potential for U.S. products in the region, for example, as there are still very few U.S. wines found in this tourist area.

Food and beverage sales in hotels account for about 35 percent of total revenues. Imported products that are currently offered in Myanmar hotels include: U.S. beef, Norwegian salmon, Chilean salmon roe, New Zealand mussels, Australian/New Zealand beef and lamb, cheeses from Australia, New Zealand, and Switzerland; poultry from Thailand and Brazil; turkey, beef and lobster from the United States; wines from Australia, France, Italy, and South Africa and very few from the United States.

Affluent Myanmar citizens as well as middle class citizens are traveling more domestically too an transportation options increase. Upper income Myanmar citizens have been interested in trying more high quality restaurants during travel while middle income citizens are enjoying the many new fast food franchise restaurants and cafes. Opportunities in this sector abound, especially in modern bakeries and ethnic foreign restaurants. Indian, Chinese, Thai, Japanese, Italian, and Korean tourists have increased noticeably in recent years. (https://www.foodexport.org/get-started/country-market-profiles/southeast-asia/myanmar-country-profile)

Restaurants

Fast food chains are capitalizing on a booming food and drink sector in Myanmar. Strong opportunities will remain in the sector, as per capita spending on food consumption is estimated to grow about 11.7 % in 2013-2018. Myanmar's quickly growing economy and increasing consumer activity is a welcoming market for international brands. The number of restaurants in the Yangon region in 2017 is now over 8000 according to the Health Department of the Yangon City Development Committee. Strong GDP growth rates, a large youth population, and expanding middle class are drivers of these prime market conditions. According to BMI Research's Asia Country Risk team, the GDP per capita in Myanmar is expected to double between 2014 and 2019, from $1,480 to $3,052, fueling "rapid" growth in food and beverage sales. Rising disposable income and optimistic consumer sentiment will be key drivers for this growth, according to the research firm's Food & Beverage Insights. The numbers of bars and restaurants are increasing in Yangon and Mandalay, where young Myanmar citizens and most business expatriates enjoy the nightlife. Moreover, the country has experienced an influx of international franchises in food and beverage sector from both Western and Asian countries.

Myanmar's franchise sector started with a couple of local and international fast food franchise chains in 2013. By end of 2016, the country had nearly 60 main franchises operating in Yangon, Mandalay and Naypyidaw. Within the past four years, food and beverage franchise chains from Asian countries such as Singapore, Thailand, Malaysia, Indonesia, Philippines, Korea and Japan have made inroads in Myanmar. A well-known Thai conglomerate, Minor Food Group, operates several famous American food and ice-cream brands in Myanmar. The South Korean fast food restaurant giant, Lotteria, served customers at its first outlet in 2013. Lotteria has since opened 14 outlets in Yangon, Mandalay, Mawlamyine and Monywa and aims to open an additional 22 outlets in the near future. The Japanese operator of the Freshness Burger chain launched its first outlet in Yangon in 2014. The Malaysian fast food chain MarryBrown opened its first restaurant in June 2013 and has opened 7 outlets since then. Rasa Lasa, another Malaysian restaurant chain, opened its doors in Yangon in late 2015. Thai firm Minor Food Group (MFG), which has the franchise rights in Myanmar for Burger King, launched the first outlet in December 2016 at the Yangon Airport.

Among ASEAN countries, Singapore has the strongest stake in Myanmar's franchise sector. Multiple F&B franchise chains run out of Singapore such as Ya Kun, Chewy Junior, The Pizza Company, Pasta Mania, Teapresso, Fish & Co, Manhattan Fish Market, Astons Specialties Steak House, BreadTalk, Craft Cafe, Crystal Jade, D'penyetz, Frolick, Ramen Monster and Singapore's Kitchen, The Coffee Bean & Tea Leaf and House of Singapura can be found in Myanmar. Myanmar Bakery (part of the country's conglomerate ShweTaung Group) and BreadTalk of Singapore launched the first BreadTalk bakery outlet in Myanmar on March 25, 2017. The first outlet is situated in one of the shopping centers owned by the ShweTaung Group in Yangon, Junction City. Moreover, Australia's Gloria Jean's Coffee recently launched its 3rd outlet in Yangon and aims to open more in the coming years. Multiple F&B franchises run from Thailand such as Black Canyon, Café Amazon, DoiChaang Café, Fuji Japanese Restaurant, Ice Manias, Mr. Jones' Orphanage, Shabushi, The Pizza Company, True Coffee and Tummor also entered the market. Other F&B franchises from Asian countries that have already made inroads to Myanmar are AyamPenyet AP from Indonesia, Sorabol Korean, Twist Potato, Yogane and Bolgogi Brothers (Korean BBQ) from Korea, ChaTime and Gong Cha from Taiwan, Harley's, Hot & Roll and Ichiban The Izakaya from Malaysia, IPPUDO Ramen, Osaka Ohsho and Yamagoya Ramen from Japan and Peri Charcoal Chicken from the Philippines. (https://www.export.gov/apex/article2?id=Burma-franchising)

In addition to the Asian franchise food chains, U.S. fast food chains have also successfully entered the country, starting in 2015. In July 2015, Kentucky Fried Chicken opened its first outlet in downtown Yangon, in partnership with Yoma Strategic Holdings. KFC now has 19 outlets in Yangon, Mandalay, Bago and Naypyitaw. Pizza Hut Myanmar was brought to Myanmar in October 2015 by YUM! Brands, Jardine CM Restaurant Group (a Hong Kong company), which formed a joint venture with City Mart Holdings. They have opened up 3 outlets and intend to launch 20 additional outlets by 2021. Burger King also opened first outlet in Yangon International Airport new Terminal 1 in 1 July 2016. Like Pizza Hut, Burger King is also owned by YUM! Brands, although its Myanmar operations are led by Thailand's Minor Food F&B outlets in Yangon. Minor Food Group also operates the US-based Swensen's ice cream franchise, which was opened in 2013. Florida's Tony Roma opened the first outlet in central Yangon in early 2015 and opened a second outlet in late 2015. In August 2015, Krispy Kreme announced that it signed an agreement with Doughnut Group Pte. Limited (A Singaporean company) to launch ten Krispy Kreme shops in Myanmar over the next five years. Last but not least, Miami Grill was launched in Myanmar in February 2017. Feel Group and MMA International Holdings partnered and opened the very first Miami Grill Victoria outlet in Myanmar. MGS Resort and Entertainment Ltd franchised world-famous restaurant brand American Hard Rock Café in April 2017. American Desert Yogurt Land also entered Myanmar in late 2017. (Oxfordbusinessgroup/country/myanmar, 2017)

The popular F&B chains most often seen in modern malls are KFC, Swensen's, Pizza Hut, Gloria Jean's Coffee, Lotteria, Harley's, Thai Express, Freshness Burger, Black Canyon, AyamPenyet, Chatime, Chewy Junior, Frolick, The Manhattan Fish Market and Yakun. The most popular pop-up night-market in Yangon called "BKK night market" was launched less than one year ago. Also, a trendy indoor market called Urban 86 opened in December 2017. This is an indoor bazaar that bring together both international and local food as wel as fasion outlets, and is a popular new kind of development across Southeast Asia. (https://www.myanmore.com/ yangon/2017/10/introducing -soon-coolest-bazaar-yangon)

Apart from Franchise restaurants, a lot of individual restaurants, cafes and bars specializing in anything from hot pots, bakery items, bistro food, cakes, tea, ice-cream & desserts, as well as brunch and buffets at hotels are mushrooming these days and are enjoyed by middle class and high-end customers. Most common restaurants are Chinese, French, German, India, Italian, Japanese, Korea, Latin, Vietnamese, Thailand and Western. Catering services are also developing in Myanmar, especially in the hotel and tourism sector. Not only local people but also foreign investors are entering this sector to provide premium catering services. More information about restaurants and catering services can be found in lifestyle magazines and websites such as Myanmore and Yangon Life.

Food Processing

Myanmar does not currently have a strong advantage in the production of consumer goods, and imports the majority of its consumer goods and ingredients from neighboring countries such as Malaysia, Thailand, China, Singapore and India. However, food products that are produced in Myanmar are mostly sold in the domestic market, although some of the traditional products like fish pastes, pickle-tea, dry prawn, etc., can also be found in countries like Singapore, Malaysia, UK and U.S etc., where Myanmar citizens go to work. Some of the popular local products are instant noodles, candies, ice cream, bakery products, nutritional supplements and some local juices and beverages. The number of food production firms also grew from 39,000 to 42,000 in 2017(eleven news, Jun 5, 17). Myanmar's agriculture-based food industry constitutes over 70 percent of production by volume It also employs the largest number of workers. The traditional food production businesses are mostly small family units spread all over the country. The food processing sector mainly consists of sugar, beer, soft drinks, instant coffee and tea.

The Myanmar government set up industrial zones to encourage development of Small and Medium- Sized Enterprises (SME) in different sectors. There are 18 existing and 7 new industrial zones in Myanmar. Food and Beverage Industries accounted for 63 percent of total SME distribution (Source: Ministry of Industry (1), Directorate of Industrial Supervision and Inspection). The products produced are mainly distributed in local market.

Over the 2009-2013 period, sales of all consumer goods categories in Myanmar recorded significant growth. Packaged food sales experienced a 12% CAGR to reach a market value of US$1.6 billion in 2013. Canned/preserved food and baby food were the most dynamic packaged food categories, recording CAGRs of 24% and 22%, respectively, between 2009 and 2013.

Overall packaged food sales are anticipated to register a CAGR of 15% between 2014 and 2018. Soft drinks experienced a CAGR of 18% in value terms over 2009-2013 reaching a market value of US$264 million in the latter year. Juice (CAGR 23%) and carbonates (CAGR 14%) were the two largest soft drinks categories, amounting to US$102 million and US$100 million, respectively, in 2013. Soft drink sales values are anticipated to grow at a CAGR of 23% over 2014-2018. (http://www.euromonitor.com/markets-of-the-future-in-myanmar/report)

Foreign brands are rapidly entering the Myanmar market. Myanmar's consumer class is becoming more and more brand-aware. Foreign brands and products have become a popular status symbol among the younger population. As market demand and purchasing power grow, consumers will continue to expect more brand options. Foreign brands such as Nestle, Tata, Kellogg's, P&G, Unilever, Kraft, Heineken, Henkel, Heinz, Pfizer, Pepsi, Coca-Cola, Britannia and many others are available in the Myanmar. Although middle-income purchasing power remains limited, F&B retailers are already capitalizing on consumer preferences which favor F&B purchases over merchandise in retail developments. (https://www.export.gov/apex/article2?id=Burma-Consumer-Goods)

Local players are eager to partner with foreign firms because they believe that they can grow rapidly within a decade and expand the varieties of products available to domestic consumers. For example, Burmese FMCG company, Capital Diamond Star Group Limited (CDSG) and Mitsubishi Corporation formed a joint venture, Lluvia Limited, to engage in food manufacturing and distribution businesses throughout Myanmar and regionally. In the beverage market, Myanmar Beer is a legacy brand in which Japan's Kirin now holds a 55% stake. The foreign brands like Carlsberg, Heineken and Regal 7 came to Myanmar in 2015 for joint ventures with local firms like Bago brewery and Golden Star Group. Similarly in the non-alcoholic beverage sector, when Coca-cola re-entered the market in 2013, Loi Hein partnered with Japan's Asahi group to form a new soft drink company. Swiss giant Nestle partnered with a local distribution company to distribute its made-in-Myanmar coffee, dairy, ice-cream and chocolate products. Foreign FMCG companies in Myanmar are Coca-Cola, DKSH, Unilever, Nestle, P&G, Pepsi, CP, Brands, etc. (Oxfordbusinessgroup/country/myanmar, 2017)

Although Myanmar is not a major producer of wheat, the changing consumption pattern of consumer's led to increased demand for wheat and wheat products. Instant noodle producer Acecook entered a joint venture with a local firm to establish a factory in the Thilawa special economic zone in 2017. The factory will be able to produce about 300 million units of packaged noodles a year, 75 percent of Acecook's output in Japan. Acecook Myanmar currently distributes Hana and Kossy branded instant noodles for both local and export markets. Bake houses and bakeries like breaktalk, SP barkery, traditional tea shops are also increasing in the Yangon and Mandalay areas.

Entry Strategy to the Retail and Hotel/Restaurants/Institution (HRI) Market

The most effective market entry method for U.S. exporters for the retail sector is to contact supermarkets and hypermarkets directly, as most of them have their own import division. To enter the Hotel Restaurant Institutional sector (HRI), selecting a trustworthy local importers or agent is the best option. The local importer will be a key partner in helping expand business opportunities and minimize the need for exporters to establish direct contact with multiple retail chains. A local importer familiar with market conditions and the regulatory environment can help exporters successfully sell their products in this competitive market.

Normally hotels and resorts do not import food directly. It is easier for hotels and resorts to order from food service wholesale companies or local importers, some of which specialize in providing high quality imported products. Restaurants such as fast food chains or family style restaurants also order and purchase imported food from food service wholesale companies or from their affiliates who act as their distributors. The foodstuffs are often kept in the importers' warehouse.

Five-star hotels, resorts and high-end restaurants are highly recommended end-use targets for U.S. exporters.

U.S premium products are hardly found in convenience stores. Most of the products including snack foods, chocolates, cookies, candies, gums, and breakfast cereals are produced in Myanmar or neighboring Southeast Asian countries. Even for products that are here, distributors often import U.S. branded foods from neighboring countries rather than from the United States because of logistics as well as lower costs and preferential tariffs applied under various trade agreements. Sales of imported food from neighboring and other FTA countries in convenience stores will increase in line with consumers' purchasing power.

Trends in Promotional/Marketing Strategies & Tactics

Digital accessibility and mobile communication are rapidly expanding in Myanmar, ever since new telecommunication operators began pouring into Myanmar in 2013. According to Nielsen, 75% of consumers reporting being open to receiving ads on their phones, and mobile penetration reached 44% by 2015. The internet, apart from websites, with Facebook in particular, is a rapid evolving and effective marketing platform for companies of all sizes in Myanmar. Having an active Facebook page with information and special offers is helpful to promote products in Myanmar.

To get started, exporters can participate in popular trade shows for food and beverages. Food & Hotel Myanmar (FHMM) to be held on 6 – 8 June 2018 and the Myanmar International Food and Beverage Expo to be held on 17-19 August 2018, and Myanmar International Food-tech Industry Exhibition on 26-28 October, 2018 at the Tatmadaw Exhibition Hall in Yangon are good options. Trade promotion at high-end shopping malls is also an effective option for promoting products directly to end users.

Myanmar's market presents U.S. companies with unique opportunities and potentially significant gains, but requires patience and persistence. Local knowledge gained by early movers could prove to be an invaluable competitive advantage. Currently, a majority of FMCG imports are from Thailand and China with price points that are affordable to the middle class population. U.S. firms may need to be more flexible with their pricing strategy for the Burmese market. Focus on a target group like retail, wholesale, restaurants and hotels to be able to give the best price for their price range. It is necessary to verify customers' preferences, and match products with local tastes, and again to set product prices competitively.

It is also essential to visit the market to conduct market research on product testing, price comparisons, competitor analysis, preferences and trends. Limited official import statistics and market information are available in Myanmar. The best approach is to contact importers directly and establish a good relationship with them as they are familiar with customers' tastes, preference, and requirements, feasible quantities, etc. and they are very useful in facilitating and promoting U.S food products in Myanmar. Products should be packed and shipped for a tropical climate and have clear storage instructions, especially in a country with limited energy sufficiency.

Successful U.S exporters must provide reliable product availability, consistent quality, technical support, and accurately respond to inquire within 24 hours, as competitors from Austrialia and New Zealand are just a phone call away and in a similar time zone. Because Myanmar is still developing in many areas, keep in mind that any additional assistance you can provide to your customers or end users such as training on product selection, handling, storage, use, recipe development, or other relevant technical information or support for promotion, sampling, etc. can also help you to gain the interest and partnership of potential customers, particularly if your product is not yet widely known in Myanmar.

Section IV. Best Consumer Oriented Product Prospects

The best market prospects for U.S. suppliers include;

Bulk and Intermediates –

1. Wheat
2. Corn
3. Soybeans (meal, oil, oilseeds)
4. Dried Distillers Grains

Consumer Oriented -

5. Fruit (fresh fruits-apples, cherries, grapes, and berries; dried fruits- raisin; canned fruits including pie fillings
6. Potatoes
7. Nuts (almonds, walnuts, hazel nuts, pecans and pistachios)
8. Meat and Seafood (frozen and processed meat products; beef, pork, lamb, poultry, turkey, chicken, bacon, lobster, Alaska King crab legs, scallops)
9. Canned food and processed food
10. Confectionary such as jam, candy, chocolate, chocolate milk mix
11. Dairy products (cheese, cheese spread, cream cheese, whipped cream, cheese sticks, cheese dip and ice-cream,

condensed milk, yogurts, and milk),

12. Cookies, biscuits and wafers, pie
13. Wines & Craft Beer

(Ref: Bico Report/ U.S. exports to Burma as of August 2017)

Demand for organic food and products are also increasing among the health conscious and higher income consumer segments in current market trends. With the adequate communication of product knowledge with health awareness program, there is a lot of potential to acquire a number of customer based in Myanmar. Franchising of food & beverage, fine dining and quick service restaurants, coffee shops, ice-cream parlors, etc. is also growing in Myanmar that suppliers can also consider.

Burma: Economic Indicators, 2012-2016

Economic Indicators	2012	2013	2014	2015	2016
Population (million)	50.5	51.0	51.4	51.8	52.3
Urban population growth (annual %)	2.5	2.5	2.6	2.5	2.5
GDP per capita (USD)	1,182	1,180	1,275	1,148	1,269
GDP growth %	7.3	8.4	8.0	7.3	6.3
Unemployment Rate	5.4	5.2	5.1	5.0	4.8
Fiscal balance (% of GDP)	0.9	-1.3	-0.9	-4.4	-4.6
Inflation Rate (CPI, annual %)	2.8	5.7	5.1	10.0	7.0
Agriculture, value added (% of GDP)	30.6	29.5	27.8	26.7	28.2
Exports of goods and services (% of GDP)	11.5	19.6	20.1	20.8	16.4
Imports of goods and services (% of GDP)	10.9	18.9	22.2	26.5	26.4
Current Account (% of GDP)	-4.0	-4.9	-3.3	-5.2	-6.5
Current Account Balance (USD bn)	-2.4	-2.9	-2.1	-3.1	-4.3

Source: https://data.worldbank.org/country/myanmar, https://www.focuseconomics.com/countires/myanmar

Forecast Summary

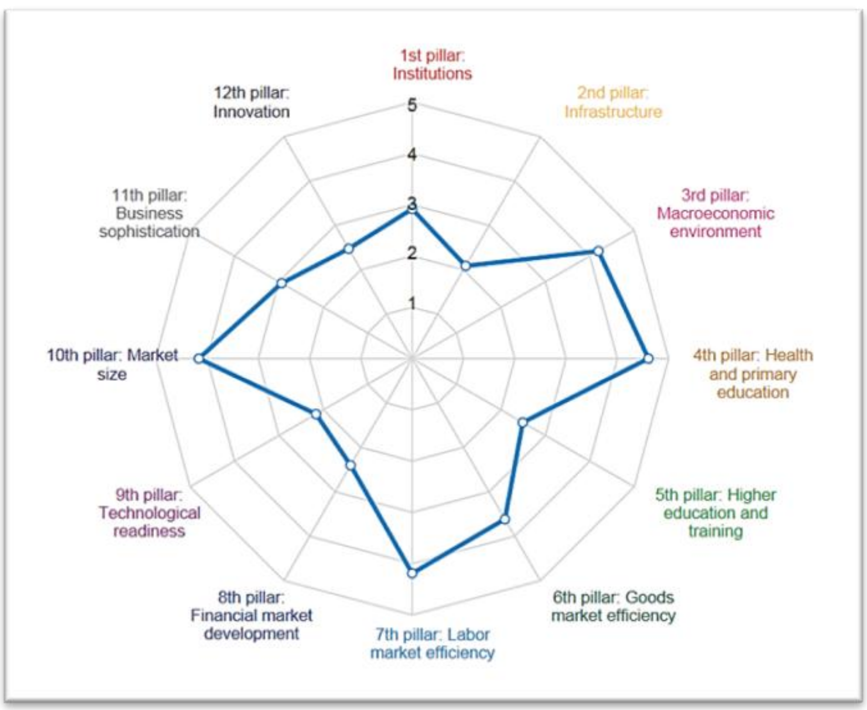
(% unless otherwise indicated)

Indicators	2017 [a]	2018 [b]	2019 [b]	2020 [b]	2021 [b]
Real GDP growth[c]	7.2	6.7	7	7.6	7.8
Gross fixed investment growth[c]	12	11.5	11	10.5	10
Gross agricultural production growth[c]	3.5	4	4.5	5	5.5
Consumer price inflation (av)	8.2	7.8	7.2	7.3	7.6
Exports of goods fob (USD bn)	10.2	11	12.3	13.5	15.4
Imports of goods fob (USD bn)	15.4	17	19.3	21.8	25.3
Current-account balance (USD bn)	-3.4	-4.1	-5.1	-6.3	-7.9
Current-account balance (% of GDP)[c]	-5	-5.5	-6.3	-6.9	-7.6
Exchange rate Kt:USD (av)[d]	1,361		1,429 1,504	1,537	1,552

[a] Economist Intelligence Unit estimates.
[b] Economist Intelligence Unit forecasts.
[c] Fiscal years (beginning April 1st of year shown).
[d] Fixed exchange rate until March 31st 2012.

Source: The Economist Intelligence Unit 2017/ Myanmar country report

Myanmar Economy Competitiveness Ranking (2015-2016)



Source: Global Competitiveness Report 2015-2016 - Reports - World Economic Forum

Myanmar Economy Competitiveness Ranking (2015-2016)

No.	Pillar	Rank (---/140)	Score
1	Institution	133	2.9
2	Infrastructure	134	2.1

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24. Interview with City Mart oversea sourcing manager
25. Interview with information committee, Retail Association Myanmar

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