



British Embassy
Rangoon

Burma Business Guide

BURMA BUSINESS GUIDE

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THE COUNTRY AT A GLANCE



Located in	South-East Asia
Capital	Naypyitaw
Former Capital	Rangoon (Yangon)
Area	676.578 square km
Total Land borders	5676 km
	Bangladesh 193 km
	People's Republic of China 2185 km
	India 1463 km
	Laos 235 km
	Thailand 1800 km
Language	Burmese, English
Population	62 million (IMF estimate 2011)
Largest City	Yangon (Rangoon)

INTRODUCTION

Burma or Myanmar?

The British government's position remains that we formally recognise the name Burma. Further information is available here: <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/asia-oceania/burma/>. However, the country is referred to by its government as the Republic of the Union of Myanmar, or Myanmar for short. Many businesses use the name Myanmar when they are dealing with the government in Naypyitaw.

Sanctions

The European Union imposed targeted sanctions for many years on Burma. These included an arms embargo, a prohibition on trade in the gems, mining and timber sectors, and a prohibition on doing business with listed companies and individuals. On 23 April 2012, the EU suspended all of these sanctions except the arms embargo, which remains in place - this decision will be reviewed in April 2013 (see http://eeas.europa.eu/myanmar/index_en.htm for more detail). In parallel, the EU made clear in a statement that responsible investment in Burma by EU companies was now welcome. The British government has withdrawn its own bilateral policy of discouraging all trade and investment in Burma, and has also strongly emphasised the need for any investment in Burma to be done responsibly.

On July 11, 2012, the US Government eased restrictions to broadly authorize the exportation of financial services and to allow US companies to responsibly do business in Burma. For more detail go to <http://www.treasury.gov/resource-center/sanctions/Programs/pages/burma.aspx>.

Responsible investment

The British government urges all British companies entering Burma to promote the highest standards of corporate governance and social and environmental responsibility. In particular, this means adhering to the OECD Guidelines for Multinational Enterprises, and the UN's Guiding Principles on Business and Human Rights. This is particularly important as Burma is in the early stages of a transition to democracy.

Opportunities

Burma is a relatively underdeveloped market. It has a sizeable population (62m), fertile and resource-rich land, and a strategically location at the heart of Asia, one of the world's largest growing economic regions. Burma has a long coastline with good port access and shares land borders with India, China and Thailand. It is also a member of ASEAN and stands to benefit from its increasing economic integration - the ASEAN region alone has a cumulative population of more than 500 million and GDP in excess of US\$ 700 billion.

Incentives

The Burmese government have said that they are committed to moving towards an open, market-oriented economy and that they view foreign investment as a means of promoting economic development, employment and technology transfer. Through the Myanmar Investment Commission (MIC) under the Ministry of National Planning and Economic Development www.mnped.gov.mm they offer a range of tax incentives, support services and import duty concessions to companies seeking to invest.

Risks

The reform process is in its early stages so there remains a relatively high degree of political risk. Many opposition groups and activists still have concerns about the independence of the judiciary and the effectiveness of the rule of law, and we do not yet have a clear sense of how impartially any commercial disputes with international firms would be resolved. The legal framework for investment is still being reviewed and formulated. There are several regulations left over from the socialist period, including import and export licenses, and corruption remains a factor. Reliable data are hard to come by. Given their lack of experience in dealing with Western companies, there may be bureaucratic difficulties in working through the Burmese government.

Practicalities

Burma presents some logistical challenges that you should be aware of from the outset. Burma has no facilities for debit or credit cards, so you will need to bring US dollars in cash: crumpled, creased or ripped bills will not be accepted. You can pay at international-standard hotels, restaurants and tour agents in dollars, but everywhere else you will need to pay in the local currency (kyats). You can change dollars for kyats at the airport or at any of the government-licensed exchange counters in towns.

International roaming and SIM cards do not work however there are facilities at the airport to hire a local SIM with international roaming options.

POLITICAL SITUATION

Independence

British rule in Burma began in 1824. By 1885, this extended to the whole of Burma, which was annexed to British India. In 1937, Burma was separated from India and it became a self-governing protectorate. After heavy fighting in Burma between the Japanese and the Allied forces in World War II, Burma achieved independence in January 1948. General Aung San (father of opposition leader Aung San Suu Kyi), leader of Burma's Independence movement, had tragically been assassinated in 1947. He is still today regarded as the father of the nation.

1948-1988

From 1948 to 1962, Burma had a democratic, parliamentary government. However, following the death of Aung San, efforts to reconcile the many ethnic nationalities under the new Union failed. Burman rule has been contested by a number of ethnic rebel groups since Independence, most notably by the Karen, Kachin, Shan, Wa and Mon. The country suffered widespread internal conflict as a result. In 1958, Prime Minister U Nu accepted temporary military rule to restore political order. The military stepped down after 18 months. But in 1962 General Ne Win led a military coup, abolishing the constitution and establishing a "Burmese Way to Socialism". Through his Burma Socialist Program Party (BSPP), Ne Win put in place socialist policies that had lasting effects on the country's economy. His government lasted until widespread protests in 1988.

1988-2011

On 8 August 1988 hundreds of thousands of people nationwide marched to demand the BSPP's replacement by an elected civilian government. The protests were crushed by the military. The events of 8 August 1988 brought Aung San Suu Kyi to prominence as the leader of the National League for Democracy (NLD). In September 1988 the military re-established control under the State Law and Order Restoration Council (SLORC). The SLORC undertook to hold elections on 27 May 1990. The NLD won over 80% of the seats. The military regime prevented the NLD from assuming power. Many NLD leaders were imprisoned. Aung San Suu Kyi spent much of the next 20 years under house arrest. In 1997, the ruling SLORC was reconstituted as the State Peace and Development Council (SPDC) under Senior General Than Shwe. In 2003 the SPDC announced a 7-step road map to build a "modern, democratic, prosperous state". The roadmap culminated in a constitution and then elections in November 2010 which were boycotted by the NLD and some other opposition parties due to concerns about the constitution and the electoral process. The elections were won by the SPDC's proxy party, the USDP, amidst credible allegations of significant electoral irregularities.

2011-present

In March 2011, former SPDC Prime Minister U Thein Sein became President. His early speeches set out a wide-ranging agenda, from democratic transition, to moving to a market economy, to fighting corruption. He has begun to move in this direction, initiating a dialogue with Aung San Suu Kyi which culminated in the NLD's participation (and overwhelming victory) in by-elections in April 2012, releasing political prisoners, and starting peace talks with ethnic groups. There remains some way to go but the international community has recognised the progress made by the President by easing sanctions on the country.

Economic reform

President Thein Sein has recognised the high levels of poverty and implemented some reforms, such as breaking up big monopolies, undertaking a major privatisation programme and working with the IMF on the unification and flotation of the exchange rate in April 2012. Major challenges ahead include building up the banking system, improving infrastructure and communications, and

establishing a stock exchange.

TRADE AND INVESTMENT FRAMEWORK

Foreign trade

For many years, the government has limited imports to ensure a balance of trade surplus. Although recent trade policies are aimed at liberalising the market, some restrictions remain. Burma's trade surplus has depended largely on the export of raw materials.

The country's main trade partners are the ASEAN member states (Association of South East Asian Nations), China and India. Its leading export products are natural gas, timber, vegetables, fish, pulses and beans, rice, clothes and precious stones; and the top buyers are Thailand, India, China and Japan. The country imports textile material, petroleum products, fertilizers, plastics, machinery, transport equipment, cement, construction material, crude oil and foodstuffs; the main suppliers are China, Thailand, Singapore, South Korea, Malaysia and Indonesia.

Foreign Investment Law

Revisions to Burma's Foreign Investment Law are currently before Parliament, and expected to be approved this year.

The current Foreign Investment Law (enacted in 1998) is based on three principles:

- the adoption of a market oriented system in the allocation of resources;
- the encouragement of private investment and entrepreneurial activity; and
- the opening of the economy to foreign trade and investment.

The government's stated objectives with the Foreign Investment Law include the promotion and expansion of exports; the exploitation of natural resources through large-scale investment; the acquisition of high-end technology; the promotion of manufacturing and services; improvements in energy efficiency; the creation of employment opportunities; and the development of the ethnic areas.

The Myanmar Investment Commission (MIC) was formed to oversee and administer the Foreign Investment Law. It acts as the initial approving authority for all foreign investment proposals. The Directorate of Investment and Company Administration (DICA) serves as the Secretariat of MIC.

Forms of Investment

Foreign investors can set up their business either in the form of a wholly foreign-owned enterprise or a joint venture with any partner (an individual, a private company, a cooperative society or a state-owned enterprise). In all joint ventures, the minimum share of the foreign party is 35 percent of the total equity capital. The minimum amount of foreign capital required to be eligible under the Foreign Investment Law is US \$ 500,000 for industry, and US \$ 300,000 for services.

Tax Incentives under the 1998 Foreign Investment Law

Foreign companies are granted exemption from income tax for three consecutive years beginning with the year in which the operation commences, and a further tax exemption or relief at the government's discretion.

The Myanmar Investment Commission may also grant:

- exemption or relief from income tax on profit which is reinvested within one year;
- relief from income tax of up to 50 percent on the profit accrued from exports;
- the right to pay income tax on behalf of the foreign employees and to deduct the same from the assessable income of the enterprise;
- the right to pay income tax of foreign employees at the rate applicable to Burmese citizens;

- the right to accelerate depreciation;
- the right to carry forward and set off losses up to 3 consecutive years, from the year the loss is sustained; and
- exemption or relief from customs duty and other taxes on imported machinery and equipment for use during the construction period, and on imported raw materials for the first three years of commercial production following the completion of construction.

Tax rates

Companies and individuals should consult legal experts to determine exactly what taxes they need to pay. The rates below may vary and are given as an indicative guide only.

As a general rule, subject to the exemptions above, foreign companies are liable to pay 30% of net profit as income tax. Companies may also need to pay withholding tax on certain payments. Rates are dependent on the types of payments made but they graduate from 3.5% to 20%. There is no withholding tax on dividends. There is also an export tax on certain goods of up to 10%, although there can be exemptions to this.

A non-resident foreigner's personal income is taxed at the rate of 35 percent; or, by special designation, at 20%. A foreigner staying in Burma for 183 days or more in a year is considered a resident foreigner. Resident foreigners pay income tax at 15%.

Individuals and companies may also be liable for capital gains tax, stamp duty, property or municipal taxes, custom duties and excise duty; and for taxes levied on the utility of state-owned properties such as land, water, embankments, and the extraction of forest products, minerals, rubber and fisheries.

Application Procedures for Foreign Investment

Any foreign investment proposal must be submitted to the Myanmar Investment Commission, who will decide whether to issue a permit. In practice, we would recommend approaching the relevant Ministry beforehand to discuss your proposal, as they will undoubtedly be consulted. The British Embassy in Rangoon will assist in arranging meetings with government officials.

When submitting the proposal to the MIC, the following must be attached:

- financial statements (audited final accounts of the most recent year of the person or the firm that intends to make investment);
- a detailed economic justification of the proposal indicating, inter alia, estimated annual net profit, estimated annual foreign exchange earnings or savings and foreign exchange requirement for the operation, recoupment period, estimated number of jobs created, prospective increase in national income, and local and foreign market conditions and the requirement, if any, for local consumption;
- if it is a hundred percent foreign investment, a draft contract to be executed with an organization determined by the Ministry concerned;
- if it is a joint venture, a draft contract to be entered into between the foreign investor and local counterpart;
- if it is a joint venture in the form of a limited company, a draft Memorandum and Articles of Association and also a draft contract between the foreign and local investors;
- any other related draft contracts; and
- the proposal may include an application for the exemptions and reliefs from taxes stated in the Foreign Investment Law.

Restrictions

The State-Owned Economic Enterprises Law defines twelve economic activities in which private investment can be restricted – including the extractive industries, infrastructure, defence, banking and communications. In practice, foreign companies do operate in those sectors, but their involvement may be more limited than in other sectors and is dependent on the approval of the Ministry concerned.

Guarantees

Under the 1998 Foreign Investment Law, a person who has brought in foreign capital can transfer out of the country his foreign currency entitlement; his net profit after deducting all taxes and provisions; and foreign currency permitted for withdrawal by the Myanmar Investment Commission, which may include the value of assets on the winding up of the business. A foreign employee can transfer his salary and lawful income after deducting taxes and other living expenses incurred domestically.

Enterprises operating under the Foreign Investment Law have a formal guarantee against nationalization and expropriation.

Importing and Exporting

Under the Foreign Investment Law, a business needs to register in order to export or import with the Export Import Registration Office under the Directorate of Trade in the Ministry of Commerce.

Products made in Burma can be exported with an export license, with the exception of some selected items which are restricted. Imports also require an import license; again, some imports are restricted. The Export Import Registration Office can advise on restrictions and on obtaining licenses.

Special Economic Zones

There are also three Special Economic Zones, guided by their own independent legislation, to encourage export-oriented investment. Though goods produced by foreign invested enterprises in the Special Economic Zones must be exported and sold on the international market (as opposed to the domestic market), the proceeds from those sales are completely tax-exempt for the initial eight years of operation, eligible for 50 percent of tax relief for years six through ten, and will continue to be eligible for 50 percent tax exemption for years 11 through 15 if the profits from exporting are re-invested domestically. The Special Economic Zone Law also grants investors the ability to import machinery and raw materials duty free, as long as those materials and machinery are used for the production of export-oriented goods.

Burma also has eighteen industrial zones and twenty-four sub-industrial zones spread throughout the country. These do not fall under the Special Economic Zone law.

Land law

Restrictions on foreign land ownership have been eased. Previously foreigners could only lease land from the state. They still cannot own land outright, but since a new 2011 regulation, foreign investors can now lease land from private individuals as well as from the state. This has to be approved by the Myanmar Investment Commission. Leases are for 30 years, and are extendable by two periods of 15 years subject to the MIC's approval – which depends on the “volume and category” of business.

Amended Foreign Investment Law 2012 (To be Approved)

The amended Foreign Investment Law will no longer require foreigners to establish businesses with Burmese citizens and will grant them a five-year tax holiday, according to reports in the domestic and foreign media. Some of its provisions include:

Foreigners would be allowed to own companies 100 per cent or to set up joint ventures with local citizens or government departments with involvement of at least 35 per cent foreign capital.

Foreign investors would be permitted to lease land from both the state and private citizens with an initial lease of up to 30 years, with additional 15-year extensions.

Foreign companies would not be allowed to recruit unskilled foreign workers and local citizens must make up at least 25 per cent of the skilled workforce after five years.

The percentage of Burmese workers' must be at least 50 per cent after 10 years and 75 per cent after 15 years.

The law would prohibit nationalization of a foreigners' business during the period allowed in the contract or extended in the contract other than by giving compensation based on current prices in the market in the interest of the general public.

RESEARCHING THE MARKET

Desk research

General introductory business information about Burma is available, though is harder to find than in many other countries in the region. Economic research and sector analysis can be obtained from the Ministry of National Planning and Economic Development (www.mnped.gov.mm) and from a number of consultancies and research agencies. The Myanmar Chamber of Commerce (UMFCCI - www.umfcci.com.mm) can also help to point you in the right direction.

The use of e-commerce and B2B (business-to-business) websites in Burma is limited.

Websites and online materials can be out of date and the quality and reliability of content varies widely. Sometimes, you may not be able to find the information you're looking for. We recommend verifying any initial research findings. This may require commissioning a bespoke research brief from specialists, exploring what additional information you might need to make an effective entry into the market and how you can make the necessary contacts.

Risks and investing responsibly

There are a few major risks you will need to think about up front. We would like to see British companies investing responsibly in Burma but you will need a good strategy to manage these risks if you do.

The USA has lifted some of its sanctions, though some remain and can impact UK and EU companies. This is of particular relevance if your company also has a presence, perhaps through a parent or a subsidiary, in the USA.

The sanctions also include wide-ranging restrictions on financial services and transactions. If you are concerned about the implications of US sanctions, you should seek advice from your legal advisers. You will need to think carefully about how your finances in country are going to work. For more detail look at <http://www.treasury.gov/resource-center/sanctions/Programs/pages/burma.aspx>.

You will want to consider how to ensure your investment is responsible: you may wish to consult the following resources:

UN Guiding Principles on Business and Human Rights

<http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf>

OECD Guidelines for Multinational Enterprises

http://www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1,00.html

Institute for Human Rights and Business on doing business in Burma

<http://www.guardian.co.uk/global-development/poverty-matters/2012/apr/19/uneven-road-to-doing-business-burma>

The legislative framework for investment is being revised. This means there is some uncertainty about the legal situation for companies here. There are also concerns about the effectiveness of the rule of law to implement this.

Political risks remain. The EU sanctions have been suspended but there is some way to go in the reform process; the sanctions may be re-imposed if the situation deteriorates. You will need to pick any local business partner carefully. See 'Finding a customer or partner' in 'Getting started'.

MARKET ENTRY

Market visits and trade missions

Visiting Burma is obviously an invaluable part of the process of market entry. You will experience the marketplace first-hand, and make the contacts necessary to do business. This is essential, but will be much more effective with careful planning.

UK Trade and Investment (Burma/Myanmar) has opened its office on July 11 and is able to help UK companies seeking to do business through a range of services, including identifying suitable contacts in market and arranging meetings. We are also able to accompany to meetings where this is beneficial. UKTI does levy a small charge for its services and this is explained on the website – www.ukti.gov.uk. You can also contact UKTI Rangoon by calling 0095-1-370 863/4/5/7 and by emailing UKTI.Rangoon@fco.gov.uk

Key Business Locations

Burma is divided geographically into fourteen states and divisions. As well as being the country's former capital city, Rangoon (Yangon) is Burma's main economic, educational and training, and cultural hub. With a population of 6.11 million (2011), including neighbouring areas, it is the principal commercial entry point into Burma for most international traders and investors.

The seat of government is in the capital Naypyitaw (4.5 hours drive from Rangoon). See 'Getting to Burma and getting around' for more on this. If you need to have discussions with the government you will need to visit Naypyitaw.

Establishing a presence

An in-country presence shows that companies are serious about the market and willing to provide local technical support to partners and customers. After pricing, technical support is the most important issue for prospective Burmese buyers.

Companies seeking to establish a permanent presence in Burma must set up operations as an appropriate legal entity. They must also be compliant with Burma legal and tax requirements. It is usually more difficult to alter a business structure once a legal entity has been incorporated or established, so it is vitally important to seek professional advice on your investment structure during the early stages of planning.

Representative offices are often the first step taken by foreign companies towards establishing a permanent presence in Burma. They provide a vehicle in which the foreign investor can engage in limited non-revenue-earning activities, for example market research, due diligence and advertising.

Agents and distributors

An agent is a company's direct representative in a market and is paid commission, whereas a distributor buys products from the manufacturer and sells them on to customers.

Entering a market by working with an agent or distributor can have several advantages. It reduces time and costs, and companies gain the local knowledge and networks of the agent. However, there are some drawbacks, too. Employing a third party results in an additional cost to your products and you may also lose some control and visibility over sales/marketing. It also has implications for intellectual property rights protection, increasing the risk of your product being copied or counterfeited.

GETTING TO BURMA AND GETTING AROUND

Visas

Foreign nationals wishing to visit Burma need a valid passport and must obtain an appropriate visa from their nearest Burmese Embassy or Consulate. For a recce visit, you should apply for a tourist visa, which allows a stay of 28 days extendable for an additional 14 days. At a more advanced stage, you should apply for a business visa, which allows a stay of 10 weeks extendable up to 12 months on case-by-case basis. A business visa requires a sponsor letter from a local organization or company with a copy of the company's registration certificate and a letter of guarantee from a local citizen.

More information on visa requirements can be found at the Burmese Embassy in London:

Embassy of the Republic of the Union of Myanmar

19A, Charles St,

London W1J 5DX

Tel: +44 207 499 4340, 207 493 7397

Fax: +44 207 409 7043

Website: www.myanmarembassyuk.co.uk

Office hours: Monday to Friday 09.30-16.30

Submission of visas from 10.00 to 12.00; collection from 15.00 to 16.30

Visa Upon Arrival

The name is rather misleading and the procedure requires submitting relevant documents.

For more information please read: www.mip.gov.mm/visaonarrival

By Air

There are no direct flights from the UK to Burma. International airlines fly directly to Bangkok, Singapore and Hong Kong from the UK; you will then need to take a connecting flight into Rangoon (Yangon). Thai Airways International, Bangkok Airways International, Air Asia, Silk Air and Myanmar International Airways fly regularly to Rangoon (Yangon) from these cities. There are also flights available between Rangoon (Yangon) and Chiang Mai, Hanoi, Phnom Penh, Kunming and Calcutta.

At the airport

There is a taxi counter on the ground level near the entrance. Public taxis are widely available as well and it costs about Kyat (pronounced 'chat') 6000 (£5) to downtown Rangoon (Yangon).

Hiring cars

You may need to hire a car and driver, particularly if you are travelling to Naypyitaw (see below). See the index for a list of car rental companies.

Getting to Naypyitaw

You will need to travel to the capital Naypyitaw if you want any meetings with government. This is a 4.5 hour drive from Rangoon (Yangon). Buses do go regularly (see below) but you will also need transport within Naypyitaw. You can hire cars to make the journey from Rangoon (Yangon). There is also a daily return flight to Naypyitaw from Rangoon (Yangon)'s domestic airport (next to the international airport). It leaves at 7am but the return time varies, and often is not set until the day itself. The only aircraft that flies this route is Myanmar Airways – FCO Travel Advice advises against using this carrier because of its safety record. If you do want to buy tickets, you should be able to get them from any local travel agent.

Other travel within Burma

Air-conditioned buses offer good connections between major cities. Tickets can be purchased from the main bus terminal (Aung Mingalar Bus Terminal) or through bus ticket agents in town and hotels. Most travel is overnight and includes two to three bus stops for meals and coffee break.

If you are travelling in a small group of people there are plenty of minibuses (usually through a travel agency) or taxis for hire. Trains, although slow, are inexpensive.

GETTING STARTED

Language and interpretation

The official language is Burmese but there are thought to be over 100 different regional dialects. As a foreigner, it is not easy to learn Burmese, but if you make an effort this will be hugely appreciated. The use of English is widespread among larger companies, but proficiency is low among SMEs and the lower-tiered labour force. In this respect, Burma's language readiness trails regional competitors such as Thailand, Singapore and Malaysia.

Business meetings are usually conducted in English although it is advisable to print a Burmese translation of your business card on the reverse. Presentations, proposals and contracts can be produced in English, although it is important to use fairly simple and non-idiomatic language to avoid any misunderstandings.

If the standard of English in a Burmese partner company is not satisfactory, it is advisable to ask for parallel Burmese and English texts to ensure proper understanding. If you are going to sign anything – as obvious as it sounds – make sure you get it translated first, and by an independent translator. Do not rely on your supplier's translation and do not be pressured into signing anything that you do not fully understand.

A tour guide may be able to help you with day-to-day translation.

Market research and business consultants

Market research companies can help you to find out more about the particular sector you are hoping to operate in. Business consultants can facilitate meetings and can help you to set up your operation. These industries are in their infancy in Burma and there are a limited number of firms who are able to deal with Western companies. See the index for details of these.

Finding a customer or partner

Finding the right partner is particularly important in Burma, for two reasons. First, a number of the bigger companies have been on the EU sanctions list for many years – and remain on a suspended list. This may pose long-term risks and/or reputational risks for your company. See the sanctions section above or contact the British Embassy in Rangoon if you would like to discuss this further.

Secondly, there are relatively few firms who have experience of dealing with Western companies. There are a small number of big conglomerates at the top of business, but very few of these have done business outside Asia (several have been on the EU sanctions list). The SME sector is relatively small and relatively unused to outside contact. This means that it is vital that you know what your company's capabilities are.

The best place to start looking for a partner is at the UMFCCI who should be able to provide you with a list of businesses operating in your sector. You may also want to attend one of the numerous trade shows and exhibitions that take place in Rangoon (Yangon) throughout the year – these can be a good way to meet potential partners face to face.

Due Diligence

As above, doing due diligence on any potential partner will be particularly important in Burma even if it may be challenging, given that there are very few firms in Burma specifically set up to do this.

Different levels of due diligence are appropriate for different situations, but in Burma we would advise you to err on the side of caution. If your sole interest is in exporting, the best proof of a Burma company's ability to pay is whether it is able to raise a letter of credit from the bank

(MICB or MFTB – see ‘Getting paid and financial issues’).

One other simple piece of due diligence is to get a copy of a company’s business licence. This should tell you the following:

- the legal representative of your company;
- the name and address of the company;
- the amount of registered capital which is also its limited liability;
- the type of company;
- the business scope; and
- the date the company was established and the period covered by the licence.

You should check that the information contained in the business licence matches what you already know, and if it doesn’t find out why. You will have more security if you know who the legally responsible person is, so find out who you are dealing with. A thorough evaluation of your potential partner may be time-consuming and expensive, but doing so will greatly reduce the risk of serious problems in the future.

A certified public accountant (CPA) might be able to help you with more detailed financial checks. It is not enough to obtain a copy of a company’s accounts as they may not be accurate. Accounts in Burma are unlikely to be audited to the standards routinely expected in the UK, and companies may have different sets of accounts for different audiences. But it is still worth asking to see any audit, to see if their registered capital has been certified by a third party. You should always try to verify this with information obtained elsewhere. The shareholders of the company are responsible for the amount of liability stated as registered capital on the business licence.

You may also want to carry out further research. There is limited due diligence assistance available from firms in Burma but local business consultants may be able to advise you on this further.

Employing staff

There are three main channels for recruiting staff in Burma:

- classified adverts, which can be placed in weekly newspapers such as the *Myanmar Times*, available in Burmese and English; and
- recruitment agencies - there are a small number of domestic recruitment firms operating in Burma. When you are recruiting in Burma, make sure that you carry out all the normal due diligence that you would if recruiting in the UK. Ensure that candidate’s technical and linguistic capabilities match their claims and that you hire staff at the right level for the role. A recent MBA graduate returning to Burma from overseas may not have the experience to navigate the complexities of setting up a company in Burma without seeking professional advice, and they may not have the capabilities to develop business at a senior level. Many locally educated Burmese may not be adept or experienced in international business practices.

Obviously you will want to conduct some market research to get a clear idea of appropriate salary levels and to make an offer that is in line with current market rates. Offering employees the opportunity to train overseas is also very attractive to Burmese staff.

Similarly, investing in the mentoring of Burmese management-level staff - by giving them experience of working around the organization and grooming them for global corporate positions - is particularly sought after.

Working hours

Working hours in Burma are:

- Normal office hours: 08.00-17.00
- Government offices: 08.30-16.30
- Normal lunch break: 12.00-13.00
- Public holidays: numbers vary but in 2012 there are 13 national holidays.
- Annual leave: there is no minimum standard so company practice varies.

Marketing

The Burmese market for consumer products is not as brand conscious as other countries in the region, although Western brands in general are well received. However, you may need to adapt your product to meet Burmese preferences or requirements in order to be able to sell it.

Companies that appoint local partners can usually be guided by them with regard to the type of advertising and sales promotion that would suit the launch of their products. Specialist consultancies can be appointed to develop a marketing strategy appropriate to your product and to the region of Burma where it will be sold. You will need to ensure that any sales literature is effective in English and, if possible, Burmese. Brochures and marketing campaigns should avoid religious symbols or satires of historically famous local figures, events or the local culture.

Trade shows and exhibitions are obvious ways of reaching potential new customers. Companies that can afford it may well wish to consider TV advertising as it is the best way to reach to the mass market. Internet usage in Burma is increasing rapidly, although penetration is still modest. Internet advertising and the use of the internet for purchasing goods are still in their infancy.

Key organisations in Burma

The Myanmar Investment Commission, chaired by the Minister for Industry U Soe Thein, authorises all elements of foreign investment in Burma. However, you may also want to meet the Ministry most relevant to the sector you work in, as they will have an input into any decision taken by the MIC.

The Chamber of Commerce – known as Union of Myanmar Federal Chamber of Commerce and Industry, or UMFCCI - is a national level non-governmental organization representing the interests of the private sector. It acts as a bridge between the state and private sector and it supports the principle of competition, the reduction of trade barriers and the facilitation of international trade.

UMFCCI provides various services to foreign companies. UMFCCI is a member of the Paris-based International Chamber of Commerce (ICC) and the ASEAN Chamber of Commerce and Industry (ASEAN-CCI), the BIMST-EC, Greater Mekong Sub-region Business Forum (GMS-BF), and the Joint Economic Quadrangle Committee (JEQC). The Chairman is U Win Aung.

OPERATING A BUSINESS

Getting paid and financial Issues

The banking system in Burma is extremely isolated from the international financial infrastructure. The USA has imposed financial sanctions which prohibit US dollar payments coming into or out of the country. For that reason, many UK or European banks are also reluctant to accept any payments from within Burma.

The domestic banking network is also extremely underdeveloped, following a banking crisis in 2003 and the extremely strict banking regulation that ensued. We are only just seeing the first ATMs being reintroduced and an extremely low proportion of Burmese have personal banks accounts. However, all medium to large businesses are likely to have company accounts. There are now a number of privately owned banks emerging, and the government is reviewing banking regulations.

For all foreign payments – both into and out of the country – you will need to go through one of the two major state owned banks, the Myanmar Investment and Commercial Bank (MICB) (branches in Rangoon and Mandalay), and the Myanmar Foreign Trade Bank (MFTB) (only in Rangoon). Payments can be made either by a letter of credit or by a telex transfer.

Bank working hours are 08.30-15.30 (Monday to Friday).

Insurance

The private sector in the UK provides credit insurance for exports of consumer products, raw materials and other similar goods. Speak to your banker or insurance broker for more information or contact the British Insurance Brokers' Association for impartial advice.

Management control and quality assurance

Foreign companies can use a variety of quality assurance and management control techniques in Burma. These include extensive travelling by their staff from headquarters, a controlling or liaison presence in Burma, or providing training and management for Burmese staff.

Particular attention to detail should be paid when sourcing products from Burma. Specifications can be misunderstood, so they need to be very clearly explained and agreed, and a quality management system put in place with the Burmese company.

Corruption

Corruption remains an issue in Burma. Anyone doing business in the country is likely to encounter or hear of corruption in one form or another. Practices such as facilitation payments, bribes and the giving and receiving of expensive gifts in order to develop business relationships are still a problem in certain places.

Our advice to companies encountering corruption is simple – don't get involved. Not only are there issues of business integrity to bear in mind, but it is also, of course, illegal. Companies should ensure that all their commercial activities in Burma are compliant with the UK Bribery Act.

BUSINESS CULTURE

Culture

Burma society has traditionally been built on order, respect for elders and an overarching respect for the Buddhist religion and the monks who represent it. The people of Burma can be very friendly and helpful to visitors but they expect foreigners to adapt to their codes of conduct. Visitors should always be polite and respectful, and discussion of politics should be carefully approached.

Greeting

When introduced to people in Burma it is considered polite to refer to them by their full title and full name. Burmese names can be long but should never be shortened in address. There are many different honorific titles in the Burmese language, but the most commonly used among business associates are “U” which is the equivalent of “Mr.,” and “Daw”, which can be interpreted as “Mrs”, “Ms” or “Madam”.

Meeting

It is a common practice for businessmen to greet each other with a handshake. If a businesswoman offers you her hand first it is acceptable to shake it, but a small bow would be the more commonly acceptable form of greeting. Business cards are used widely in Burma and should be exchanged upon greeting. Use both hands to present and receive cards as this shows respect, as does taking a few seconds to read the card. Do not immediately place the card in your pocket as this is also considered disrespectful.

Negotiating Techniques

Building good relationships is a vital part of the business and negotiation process in Burma. The Burmese place great importance on establishing the right chemistry with their business partners, and if this is achieved the subsequent relationship will benefit significantly.

Getting business agreement can be a lengthy process. Burmese are not generally quick decision makers – they prefer to consult with several people before making decisions. Do not expect to do business immediately or necessarily on the first visit. Signs of impatience should be avoided.

Dress

You should wear normal business attire. The Burmese tend to dress quite conservatively. Most business people in Burma will dress similarly when dealing with foreigners, but some may still wear the traditional sarong-type garment with a Western shirt or blouse.

Entertainment

Business lunches in Burma tend to be strictly work-related while dinners usually signify a more relaxed informal meeting between closer business acquaintances. Receiving an invitation to a dinner may indicate that your business relationship with the host is moving to a higher level.

Business lunches and dinners almost always take place at a restaurant rather than in the home. The host should arrive earlier than the guest. The Burmese will expect you to be punctual – being late is considered rude. A typical seating configuration usually features senior individuals at the head or centre (of long tables). Alternatively, if the seating does not make this obvious, higher-ranked staff should be able to choose their seat first. Other members of the team should be in close proximity to facilitate discussion. Junior staff may be seated at a different table.

Drinking alcohol and cigarette smoking is a normal part of social activity for men but is still uncommon for women.

Gifts

It is common practice for the Burmese to give government officials and VIPs a gift if they are the guests of honour at an official event – for example neckties, scarves, handkerchiefs, food/fruit baskets, books, moderately valued office items (pens, bags) carrying the company logo or lunch/fitness gift vouchers. Guest speakers at events almost always receive gifts, offering opportunities for the host and speaker to pose together for PR photos.

Presentations

Presentations are most effective when delivered formally and follow commonly accepted formats. However, more informal Q&A sessions will often encourage participation, as Burmese are normally not keen to exchange views in formal settings or large meetings where there is a mixture of differently ranked individuals. Always take plenty of business cards and corporate literature along.

During a meeting or presentation it is normal behaviour for Burmese to speak to each other in their own Burmese language. This is not meant to be rude nor a sign that they are bored - it is usually an attempt to confirm that they have understood something correctly.

Religion

Burma is a predominantly Buddhist country. Burmese Buddhism is in the Theravada tradition, and is practiced by 89% of the country's population. Every Buddhist man should undergo one period in his life as a monk; and many Burmese spend spare income on building pagodas or giving alms. Among many ethnic groups in Burma, including the Bamar and Shan, Theravada Buddhism is practiced in conjunction with the animist "Nat" worship, which involves the placation of spirits who can intervene in worldly affairs. There are also significant numbers of both Muslims and Christians in Burma – the latter are particularly found in the Karen and Kachin ethnic groups.

Monks, collectively known as the Sangha, are the most venerated members of Burmese society. They have special areas reserved for them at airports and on buses and receive alms from the public as a sign of giving and devotion. In towns and villages the temple and a monastery is the heart of social and religious life.

Visitors should dress neatly when visiting religious places. Women should not wear sleeveless tops and short trousers, sandals or other unsuitable attire. Never point at any image of the Buddha or sit in a position where your feet are stretched out in the direction of a Buddha image. Using your feet to point at anyone or anything is considered an insult.

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If you have a specific enquiry about the Burmese market which is not answered by the information contained in this report please contact the team in Burma.

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FCO Travel Advice:

Know Before You Go: <http://www.fco.gov.uk/en/travel-and-living-abroad/about-kbyg-campaign/>

Burma: <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/asia-oceania/burma>