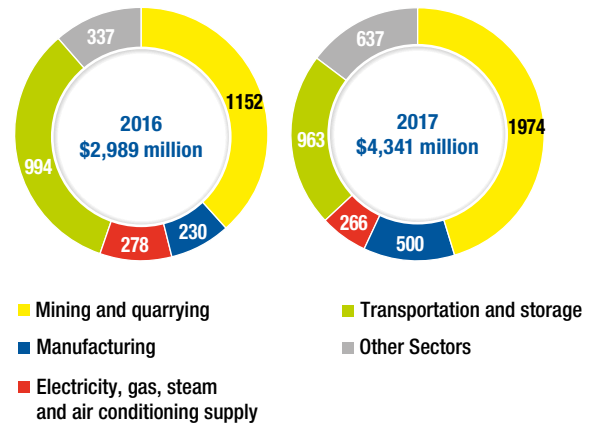


### FDI in Myanmar: *Extractive industries, manufacturing and transportation services dominate*

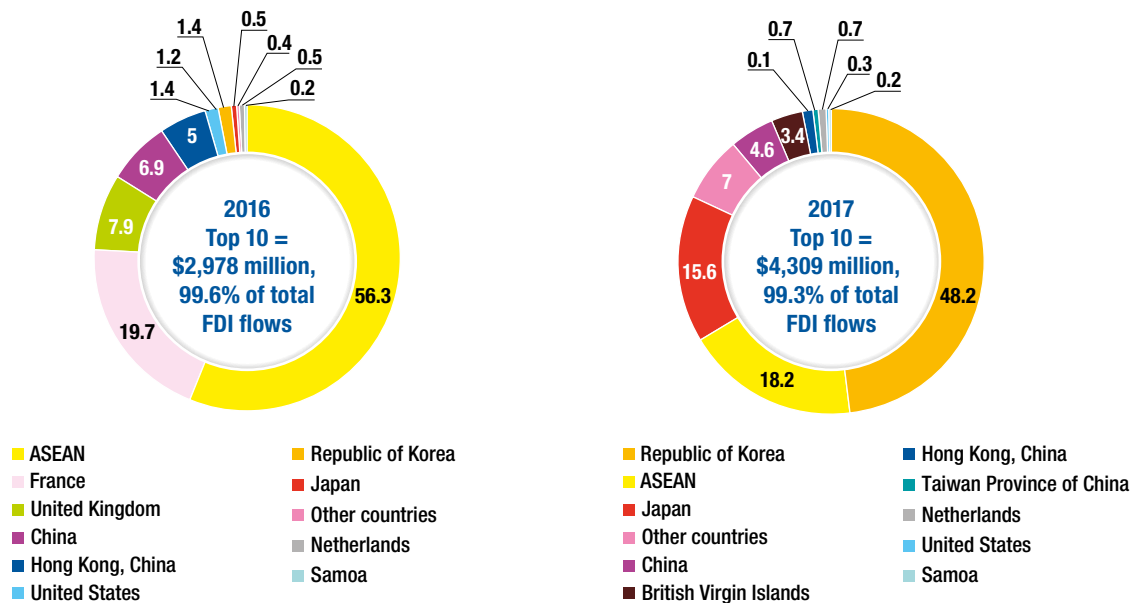
FDI in Myanmar rose by 45 per cent to \$4.3 billion – the third consecutive year of increase. Strong investments from ASEAN and from the United States helped push up inflows (figures 1.6 and 1.7). FDI from these two sources contributed to some 66 per cent of total inflows in the country. Significant increased investment in extractive industries and manufacturing activities further contributed to the rise. Investment in services (transportation, accommodation and real estate) also support further growth in FDI in the country.

**Figure 1.6.** FDI flows in Myanmar, by industry, 2016–2017 (Millions of dollars)



Source: ASEAN Secretariat, ASEAN FDI database.

**Figure 1.7.** Myanmar: The 10 largest investors, 2016–2017 (Per cent)



Source: ASEAN Secretariat, ASEAN FDI database.

## Extractive industry

Some large-scale extractive FDI activities help pushed up investment in this industry. A consortium led by Total (France) started the Badamayar gas production project in 2017 with partners that include Chevron-Unocal (United States), PTTEP (Thailand) and MOGE (Myanmar). Woodside (Australia) expanded its offshore activities, which resulted in three natural gas discoveries. Ethos Energy (United States) won an \$8 million contract to upgrade the Ywama power plant and Sahakol Equipment (Thailand) was awarded a contract to operate a \$100 million tin mine operation. A number of significant M&A activities in mining took place in 2017. They include the acquisition by Siamgas and Petrochemicals (Thailand) of a 30 per cent interest in a 230 MW power plant for \$48 million, China Polymetallic Mining (China) of Hua Xing Global (China) mining activities and NH-Amudi Asset Management (Republic of Korea) of a gas upstream asset owned by Korea Gas Corporation (Republic of Korea) in the host country. In 2018, Pacific Hunt Energy (Australia) undertook drilling and exploration projects with two local companies and Total (France) started extraction of natural gas in the host country.

## Manufacturing

FDI continued to flow to a wide range of manufacturing industries, which included food and beverage, automotive, garments and cement production. In the food and beverage industry, New Hope Liuhe (China) made a \$10 million investment in 2017 for production of animal feed, Agrocrop International (Singapore) opened a rice production and export facility, Acecook (Japan) opened a \$20 million noodle factory and Sahadharawat (Thailand) started to invest in a \$5 million metal packaging plant in the Thilawa Special Economic Zone (SEZ). In the same year, Thai Beverage (Thailand) acquired a majority stake in a local distillery and a supply chain service company for \$742 million. In 2018, De Heus (Netherlands) opened its second feed plant in the country and Trouw Nutrition (Netherlands) opened its first manufacturing unit, with an investment of \$6 million. Nestle (Switzerland) is opening a factory in the end of 2018 to serve the local market. FDI in garments continued to be dominated by Asian investors (table 1.5).

LS Cable & System (Republic of Korea) together with an affiliate started construction of an \$18 million factory in 2017 to produce aerial cables for buildings. Komatsu (Japan) opened a plant the same year to produce equipment to support the host country's growing infrastructure industry. In 2018, Koryo Cable (Republic of Korea) made an \$8.2 million investment to build a cable manufacturing plant. Metal packaging companies Sahadharawat (Thailand) invested \$5.1 million to manufacture metal cans in Myanmar and Soilbuild (Singapore) sets up a plant with an investment of \$13.9 million to produce steel products. In chemicals, BASF (Germany) opened its first manufacturing plant in Myanmar in 2018, producing construction chemicals for the domestic market, while Thailand Central Chemical (Japan–Thailand) opened a fertilizer processing plant and Jotun (Norway), a chemical company, started the construction of a factory to manufacture paint products.

**Table 1.5. Myanmar: Foreign garment companies that started operation in 2017 (Selected cases)**

Name	Nationality	Industrial zones	Registered investment (\$ millions)
Seduno Knitted	Hong Kong, China	Anawytar Industrial zone 2	10.0
Ceres Enterprise Ltd	Taiwan Province of China	Mingalardone Industrial Zone, Yangon	6.9
AIT (Myanmar) Manufacturing	China	Dagon Myothit (East) Township, Yangon	5.3
S.H. United Co Ltd	Taiwan Province of China	Hlaing Thar Yar Industrial Zone, Hlaing Thar Yar Township, Yangon	5.2
New Forest Co Ltd	China	Shwelinpan Industrial Zone, Hlaingtharyar Township, Yangon	4.3
Maisha (Myanmar) Garment	Hong Kong, China	East Dagon Township (Industrial Zone) , Yangon	4.0
China Palette Garment	China	Watayar Industrial Zone, Yangon	3.6
GTIG Hubo Co Ltd	China	Watayar Industrial Zone, Yangon	2.6
U&G (Myanmar) Co Ltd	China	Watayar Industrial Zone, Yangon	2.6
Belle Maison Maple	Hong Kong, China	Tharyargone Block, Tharyargone Village, Bago	2.6
KGG Co Ltd	China	Industrial Zone (2), Dagon Myothi (Port) Township, Yangon	2.6
Myanmar Synergy Garment	Republic of Korea	Industrial zone 2, Hlaing Tharyar Township, Yangon	2.3
Guohua Glory Co Ltd	China	WarTaYar Industrial Zone, ShwePyiThar Township, Yangon	2.3
Guohua Glory Co Ltd	China	Watayar Industrial Zone, Yangon	2.0
Asdet (Myanmar) Garment Co Ltd	China	Shwelinban Industrial Zone, Hlaingtharyar Township, Yangon	2.0
Myanmar Bago NT Mode Garment	Japan	BoKone (18) Block, Bago Township, Bago	2.0
JABP Jaiwei Myanmar Garments	China	Industrial Zone 2, HlaingTharYar Township, Yangon	2.0
Newtop Lotus	China	Industrial zone 2, Hlaing Tharyar Township, Yangon region	2.0
Young Clothing Ltd	Singapore	TharDuKan Industrial Zone, ShwePyiThar Township, Yangon	1.9
Noatex Starry Myanmar Ltd	Singapore	ShweLinPan Industrial Town, HlaingTharYar Township, Yangon	1.8
Sung Bo International	Republic of Korea	Industrial zone 2, Hlaing Tharyar Township, Yangon	1.3
GTIG Easter Garment	China	Watayar Industrial Zone, Yangon	1.2
Amity Lingerie Co Ltd	Hong Kong, China	Inntakaw Industrial Zone, Bago	1.2
Myport	Ireland	Special Zone 2, Oakethar Ward, Bago	1.1
Ming Da Polyester Wadding	China	..	1.0
Kouwa Industry	Japan	Shwe Lin Pan Industrial Zone, Hlaing Thar Yar Township, Yangon	0.6
Myanmode Co Ltd	Republic of Korea	Hlaing Thar Yar Township, Yangon	0.5
Kim So Young Co Ltd	Republic of Korea	ShweLinPan Industrial Town, HlaingTharYar Township, Yangon	0.5
Tianjin Fashion Origin	China	Shwe Lin Pan Industrial Zone, Hlaing Thar Yar Township, Yangon	0.3
Dong Yu Garment Co Ltd	China	Shwelinban Zone, Hlaingtharyar Township, Yangon	..

Source: DICA.

In the automotive industry, Nissan (Japan) and Tan Chong (Malaysia) opened a \$50 million vehicle assembly plant in 2017, and Ford (United States) together with a local partner started assembling cars in a new facility with an initial investment of \$10 million.

In other products, Unilever (Netherlands) formed a joint venture with EAC (Myanmar) in 2017 to manufacture, market and distribute home and personal care products in the country. Nippon Concrete Industries (Japan) and a local partner opened a \$5 million concrete manufacturing facility and Aju Group (Republic of Korea), a construction materials company, started construction of a factory.

## Services

Driven by an increase in both regional and global cross-border trade, logistic companies are expanding in Myanmar. In 2017, some foreign logistics companies invested or expanded their operations. They include Yusen Logistics (Japan) and CEVA Logistics (Netherlands). DHL (Germany) invested a further \$114 million to expand its supply chain business, and Nittsu Logistics (Japan) completed construction of a logistics centre. Puma Energy (Singapore) opened a \$92 million petroleum products storage facility and Metro Cash and Carry (Germany) entered into a joint venture with a local partner in 2017. The latter started construction of a warehouse in the Thilawa SEZ last year. In 2018, Yamato (Japan) expanded into the country through offering warehousing, cross-border transport and freight forwarding services.

With increased access to smart phones and the internet, there has also been an increase in the number of digital firms investing in the country. NTT Communications (Japan) opened its first data processing centre in the country last year and Viettel Group (Viet Nam) launched a 4G mobile network in Myanmar in 2018. Ride-hailing taxi companies such as Grab (Singapore) expanded into Myanmar. Fintech investments such as through Ooredoo (Qatar), a mobile payment company, and National Bank of Canada acquired a 22 per cent stake in Ongo (Myanmar), a mobile money service company in 2018.

## Infrastructure

JFE Steel Corporation (Japan), Meranti Steel (Singapore), JFE Shoji Trade Corporation (Japan), Marubeni-Itochu Steel (Japan) and Hanwa (Japan), formed a joint venture and was awarded a contract in 2017 to establish a \$85 million steel plant which is to be completed in 2020. In the same year, Punj Lloyd (Turkey) won a contract for the India–Myanmar–Thailand Trilateral Highway and Soilbuild Construction (Singapore) was awarded \$3.9 million for civil and superstructure work. McDermott (United States) and Baker Hughes (United States) won a contract for front-end engineering design for Posco Daewoo (Republic of Korea) offshore project in Myanmar. TTCL, a joint venture between ITD (Thailand) and Toyo Engineering Corporation (Japan), announced plans to invest over \$6 billion in the next few years to establish two coal-fired power plants and LS Cable & System Asia (Republic of Korea) and Gaon Cable (Republic of Korea) started investment to build a \$18 million power cable plant.

The expansion of the Thilawa SEZ, which involves a consortium of Japanese investors (*AIR 2017*) and companies that started operations in the zone in 2017 (e.g. Nissan-Tan Chong Motor and Nippon Express),<sup>3</sup> also contributed to the rise in inflows in the country.<sup>4</sup>

In 2018, Myanmar Railways awarded a \$2.5 billion contract to a consortium comprising Oxley Holdings (Singapore), Sino Great Wall (China) and Min Dhama (Myanmar). In the same year, Sembcorp (Singapore) started operating the country's largest gas-fired power plant (\$300 million) under a 22-year build-operate-transfer agreement.