

Myanmar

Southeast Asia's largest mainland nation with strategic location between China and India -- key Belt and Road corridor

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Introduction

Myanmar is the largest country by land area in mainland Southeast Asia, strategically positioned between China, India, and the ASEAN region. AERI's research reveals that Myanmar, despite facing significant political and economic challenges since the 2021 military takeover, retains substantial long-term investment potential due to its rich natural resources, strategic location, and large domestic market.

In 2024, Myanmar's GDP reached approximately USD 75 billion, with estimated growth of 3.0%. Per capita GDP stood at approximately USD 1,400. The national population is approximately 55 million, with a median age of around 29. Total trade volume reached approximately USD 30 billion.

China-Myanmar bilateral trade reached USD 19.7 billion in 2024. China is Myanmar's largest trading partner and most important source of foreign investment. The China-Myanmar Economic Corridor (CMEC), a key component of the Belt and Road Initiative, includes the Kyaukpyu Special Economic Zone and the China-Myanmar oil and gas pipelines.

AERI believes that Myanmar's core investment value lies in its strategic location bordering both China and India, abundant natural resources including minerals, timber, and agricultural land, and significant infrastructure development needs. However, the current political situation and associated sanctions require careful risk assessment.

This guide provides a systematic introduction to Myanmar's political and economic overview, investment policies and regulations, China-Myanmar economic and trade cooperation, corporate financing channels, compliance and dispute resolution, and essential information on living and working in Myanmar.

Preface

The Asia Economic Research Institute (AERI) is a professional institution dedicated to regional economic research in Asia. This guide is compiled to help Chinese enterprises understand Myanmar's investment environment, with emphasis on both opportunities and risks under the current political situation.

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Part I: Myanmar Overview

AERI Assessment

AERI notes that Myanmar presents a complex investment landscape. While the country offers significant long-term opportunities in infrastructure, energy, and mining, the current political situation since February 2021 has created substantial uncertainty. Western sanctions, restricted banking access, and security concerns in border areas require careful risk management. Chinese enterprises should conduct thorough due diligence and maintain close communication with relevant authorities.

1. Country Profile

Myanmar is located in Southeast Asia, bordered by China to the northeast, Laos to the east, Thailand to the southeast, Bangladesh to the west, and India to the northwest. The Bay of Bengal and Andaman Sea lie to the south and southwest. Total land area is approximately 676,578 km², making it the largest country in mainland Southeast Asia. The Irrawaddy River is the country's most important waterway.

Climate: Tropical monsoon climate with three seasons: hot (March-May), rainy (June-October), and cool (November-February). Average temperature 25-32degC in lowland areas.

Population: Approximately 55 million (2024). The Bamar ethnic group accounts for approximately 68% of the population. There are 135 recognised ethnic groups.

Capital: Naypyidaw, established as the administrative capital in 2005. Yangon (Rangoon) remains the largest city and commercial centre with approximately 5.5 million residents.

Administrative Divisions: 7 states, 7 regions, and the Naypyidaw Union Territory.

Since February 2021, Myanmar has been under military rule following the coup that ousted the civilian government. The State Administration Council (SAC) currently governs the country. The political situation remains volatile, with ongoing civil conflict in several states. This has significant implications for foreign investment, including sanctions from Western countries and limited access to international banking.

Foreign Relations: Myanmar is a member of ASEAN and the UN. China remains Myanmar's most important diplomatic and economic partner.

Ethnic Groups: 135 recognised ethnic groups. Major groups include Bamar, Shan, Kayin, Rakhine, and Kachin.

Languages: Burmese is the official language. English is used in business and government. Chinese dialects are spoken in border areas.

Religion: Theravada Buddhism is practised by approximately 88% of the population. Christianity and Islam are minority religions.

Currency: Myanmar Kyat (MMK). Exchange rate approximately 3,400 MMK per USD (official), though parallel market rates may differ significantly.

2. Economic Overview

Myanmar's GDP grew by approximately 3.0% in 2024, reaching approximately USD 75 billion. The economy faces significant headwinds from international sanctions, banking restrictions, and domestic instability. Inflation remains elevated at approximately 20-25%.

- Agriculture: Approximately 23% of GDP, employing about 50% of the workforce
- Industry: Approximately 29% of GDP, including natural gas, mining, and garment manufacturing
- Services: Approximately 48% of GDP

Total trade reached approximately USD 30 billion in 2024. Major exports include natural gas, agricultural products, garments, and minerals. Major imports include machinery, fuel, and consumer goods. China is the largest trading partner.

Part II: Investment Environment and Policies

1. Business Environment

Myanmar's business environment has deteriorated significantly since 2021 due to political instability and sanctions. However, the Myanmar Investment Commission (MIC) continues to process and approve foreign investment applications.

2. Foreign Direct Investment

FDI inflows have decreased substantially since 2021. China remains the most significant source of new investment, particularly in the energy and infrastructure sectors. Cumulative Chinese investment exceeds USD 27 billion.

3. Factors of Production

Minimum wage is approximately MMK 4,800/day (approximately USD 1.40). The labour force is approximately 23 million. However, significant outmigration has reduced the available workforce.

Foreign investors cannot own land but may obtain long-term leases (up to 50 years, extendable) through the MIC.

- Corporate Income Tax: 25% standard rate, with 5-year tax holidays for promoted sectors
- Commercial Tax: 5%-8%
- Personal Income Tax: Progressive rates 0%-25%

4. Investment Policies and Regulations

The Myanmar Investment Law (2016) and Myanmar Companies Law (2017) govern foreign investment. Key features include MIC approval for large investments, tax incentives for promoted sectors, and SEZ frameworks for Thilawa and Kyaukpadaung.

Part III: Chinese Enterprise Investment in Myanmar

1. China-Myanmar Economic and Trade Cooperation

China and Myanmar established diplomatic relations in 1950. The two nations signed the agreement on the China-Myanmar Economic Corridor (CMEC) in 2018. Bilateral trade reached USD 19.7 billion in 2024.

Major Chinese projects include the China-Myanmar oil and gas pipelines, the Kyaukpyu Special Economic Zone, and the Letpadaung copper mine.

2. Investment Forms

- Wholly foreign-owned enterprise (permitted in most sectors)
- Joint venture (required in certain restricted sectors)
- Branch office
- Build-Operate-Transfer (BOT)

3. Key Investment Sectors

- Oil and gas exploration
- Hydropower
- Solar energy
- Transport: roads, railways, ports
- Telecommunications
- Urban development
- Copper, jade, rare earths
- Mineral processing
- Rice, rubber, pulses
- Agricultural processing
- Garments and textiles
- Food processing

4. Representative Cases

- China-Myanmar Oil and Gas Pipelines: Strategic energy corridor from Kyaukpyu to Kunming
- Letpadaung Copper Mine: Operated by Wanbao Mining
- Thilawa Special Economic Zone: Joint Japan-Myanmar development near Yangon
- Kyaukpyu Special Economic Zone: Chinese-invested deep-sea port project

Part IV: Corporate Financing

Myanmar's banking sector faces significant challenges due to sanctions and restricted access to SWIFT. Chinese enterprises typically rely on China Exim Bank, China Development Bank, or cross-border RMB settlement for financing. The Myanmar Securities Exchange Centre has limited operations.

Part V: Compliance and Dispute Resolution

Chinese enterprises should pay particular attention to sanctions compliance, ensuring that business activities do not violate international sanctions regimes. Myanmar's legal framework for dispute resolution is underdeveloped, and international arbitration is recommended. Myanmar is a signatory to the New York Convention.

Part VI: Living and Working in Myanmar

1. Visa

Chinese citizens require a visa to enter Myanmar. Business visas (single or multiple entry) are available. Work permits are required for foreign employees.

2. Housing

Yangon offers the best housing options. One-bedroom apartments rent for approximately USD 300-700/month.

3. Healthcare

Medical facilities are limited. Yangon General Hospital and private clinics provide basic services. Comprehensive international health insurance is essential.

4. Banking

International banking access is severely restricted due to sanctions. Chinese enterprises typically use Myanmar banks with Chinese partnerships or arrange cross-border settlements.

5. Security

Security situation varies by region. Border areas with China (Kachin, Shan States) experience periodic conflict. Yangon and Mandalay are generally more stable but require vigilance.

6. Contact Information

- Chinese Embassy in Myanmar: No. 1 Pyidaungsu Yeiktha Road, Yangon
- AERI Southeast Asia Office (Kuala Lumpur): Menara Binjai, No. 11 Jalan Binjai, 50450 Kuala Lumpur, Malaysia

Appendix: Data Sources and Disclaimer

This guide draws on data from the Central Statistical Organization of Myanmar, the Ministry of Investment and Foreign Economic Relations, and Chinese government sources. Due to the evolving political situation, investors should verify all information independently.

The information provided is for reference only and does not constitute investment advice. AERI does not guarantee the completeness or timeliness of the information.

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