



Dragon Sourcing







Your Tailored Approach to Emerging Markets

Sourcing Opportunities in *Myanmar*

Dec, 2019



Executive Summary- Top Export Categories

Category	Top Products	Export Value (2018) in USD Billion	CAGR of exports value (5 years)	% of total export (2018)	Top Export Destinations	Export Duty	No. of Suppliers
Mineral fuels & distillation products	Petroleum Oils & Gases	\$3.5	-6%	38.6%	Thailand, China, Korea, India	0-10% (0% for coal; 10% for certain petroleum oils)	
	Coal, Lignite and fuels manufactured from coal						
	Petroleum coke & bitumen						
Timber & wood products	Raw timber	\$0.24	-16%	12.8%	India, Thailand, China, Singapore, Malaysia	0 -15% (0% for wood pallet & bamboo, 15% certain other timber)	
	Wood sawn/chipped, plywood & veneer sheets						
	Wood charcoal						
Textile	Textile (fabric and accessories for garment)	\$4.2	41%	10.5%	China, Hong Kong, Germany, Italy, Bangladesh	Nil	
	Knit and woven apparel						
	Apparel (Swimwear, Ski wear, track Suits, etc)						
Vegetables & Fruits	Dried vegetables	\$0.84	28%	10.31%	India, Pakistan, Indonesia, Malaysia, Singapore	Nil	
	Onions, garlic & leek						
Pearls & Precious Stones	Precious & Semi-precious stones	\$0.9	-3.5%	9.8%	China, Japan, Hong Kong, France	0- 5% (0% for Rubies, emeralds & sapphires : 5% for powder of manufactured stones)	
	Pearls and Jade						
Fish	Fresh water fish like Barbus, Hampala, etc	\$0.28	2.71%	3.5%	Japan, Thailand, China, United Kingdom, Singapore	Nil	
	Marine fish like scomberomorus, carangoidas, etc						
	Aqua culture fish & crustaceans						

The embargo enforced by the US and the EU on Myanmar (formerly called Burma) in the late 1990s and early 2000s prohibited import of most categories from Myanmar. Hence, import duties in these two regions were not available during the compilation of data for this report. However, categories like oil and natural gas are mined in partnership with a western company. Most other categories are exported from Myanmar to these two regions via countries like Singapore, Thailand and Hong Kong.

Legend



More than 50 suppliers



Between 20- 50 suppliers



Less than 20 suppliers



Sourcing Opportunities in Myanmar

MYANMAR- MACRO ECONOMICS



Myanmar Overview

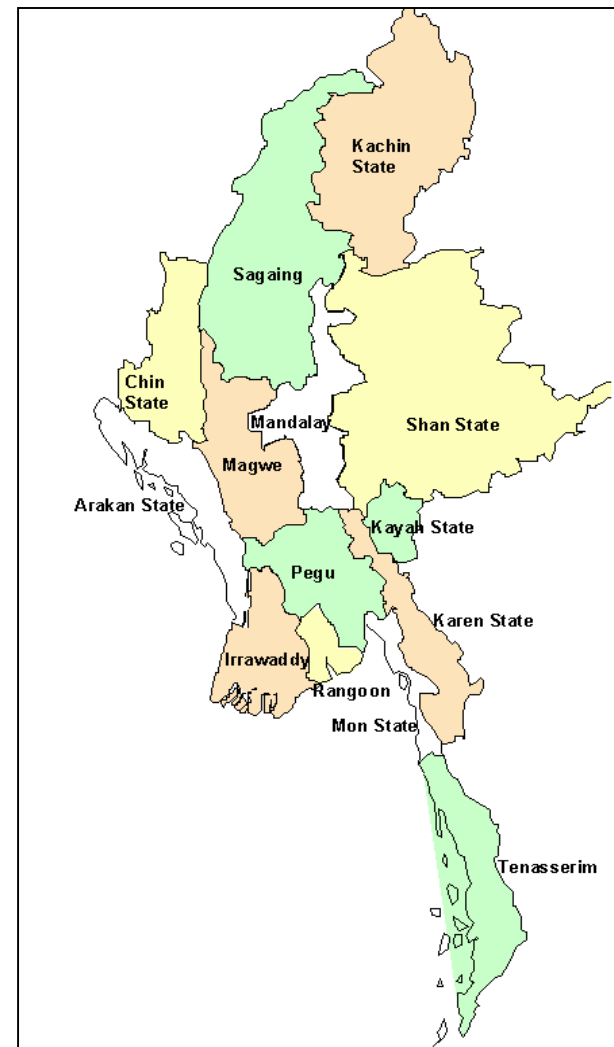
- Myanmar, formerly called Burma, is the second largest country in Southeast Asia. It borders five nations, and is endowed with rich natural resources—arable land, forestry, minerals, natural gas, freshwater and marine resources, and is a leading source of gems and jade
 - + a population of: ~53.37 million (2017 statistics)
 - + a surface area of: ~ 678,500 km²
 - + Capital city: Napyitaw, Old Capital Yangon

	2013	2014	2015	2016	2017	2018
GDP Growth in %	8.4	8	7	5.9	6.4	6.2

Source: World Bank

+Myanmar is a member of WTO, Member of ASEAN, BIMSTEC, GMS, ACMECS

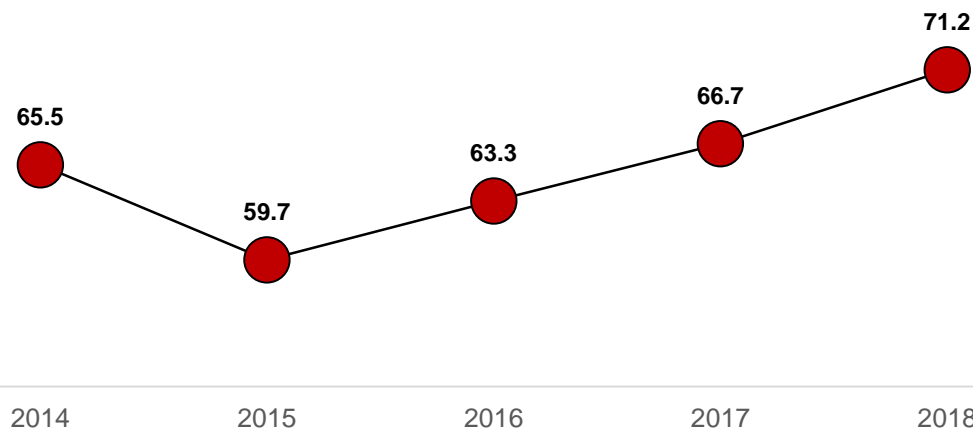
+Has bilateral trade agreements with Bangladesh, China (PRC), India, Korea, (ROK), Laos, Malaysia, Pakistan, Philippines, Thailand and Vietnam.



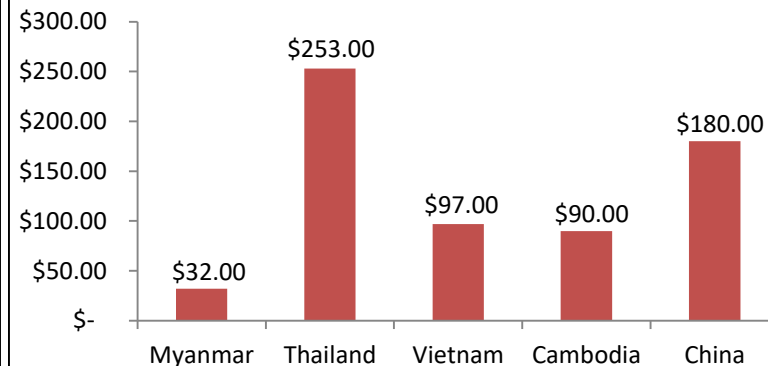


Myanmar- Economy structure

MYANMAR GDP IN USD BILLIONS



Minimum Monthly Wages (USD) in 2011



- + Myanmar is dominated by agriculture and farm-related industry which account for 36% of gross domestic product (GDP) and 60%–70% of employment. Agricultural sector is the back bone of its economy
- + 75% of the total population reside in rural areas and are principally engaged in agriculture, livestock and fishery sector for their livelihood. Other major industries in the country includes manufacturing, agro supportive industry, mining, power, oil and gas, ect.
- + Myanmar has the lowest minimum wage and average payout when compared with key garment hubs like China, Thailand, Cambodia, Vietnam and India, but very close in comparison to the corresponding rates in Bangladesh. The average monthly payout was seen to be USD 3.19/ day in 2018
- + The most productive sectors are extractive industries, especially oil and gas, mining, and forest products. Manufacturing constitutes a small share of recorded economic activity, and state enterprises continue to play a large role in that sector.
- + The services sector is dominated by private enterprises, which produced 92% of the total industrial output. The manufacturing and other modern facilitating sectors are observed to grow slowly.
- + Labor-intensive manufacturing and agricultural exports account for only 37% of total exports

Source: World Bank

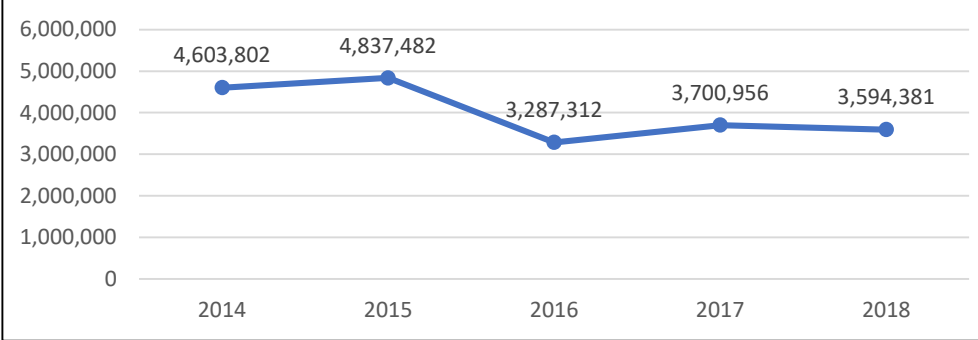


MINERAL FUEL



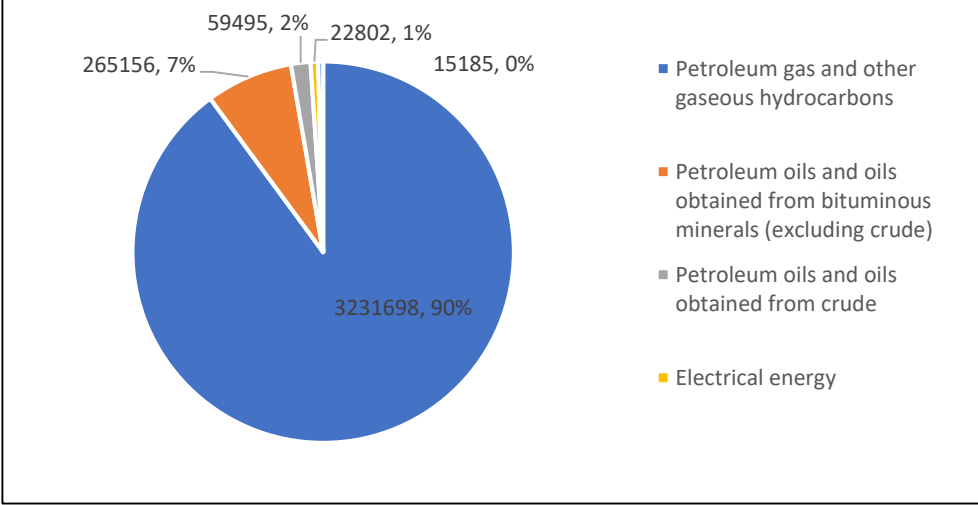
Mineral Fuels and Oils- Market Trends

HS 27- Mineral Fuels exports from Myanmar in USD 1000s

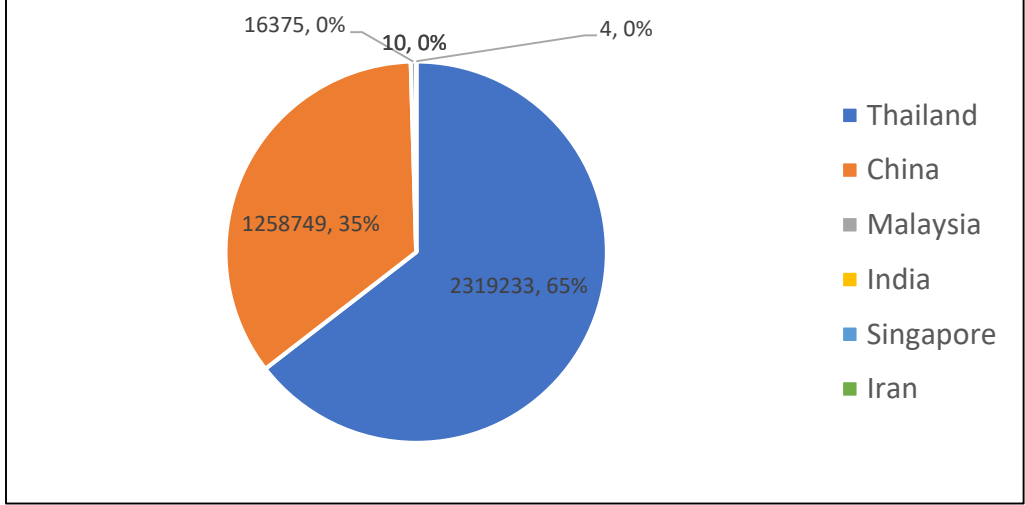


- Myanmar is a net exporter of Mineral fuels & oils accounting for over 38% of all its exports
- Due to the embargoes from the US and the EU, goods from Myanmar can not be imported into these regions indirectly only- they are usually shipped via third party countries as Singapore or Thailand...
- Its major partners are Thailand and China. An increase in business ties with these countries and other neighboring countries such, as India and the Republic of Korea, is likely to continue, as these countries have been working alongside Myanmar on projects in the oil and gas sector.
- The continuing openness of the country to promote its mineral industry and encourage more foreign direct investment has contributed to an increase in investments

Products under HS 27 exported from Myanmar in 2018 in USD 1000s and in %



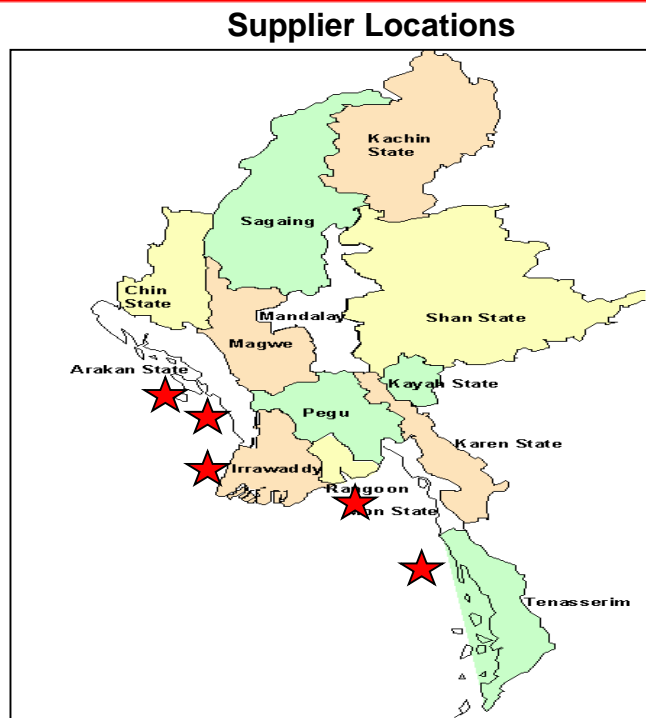
Top Importing Countries of HS 27 in USD 1000s and in % in 2018



Source: International Trade Centre



Mineral Fuels and Oils- Suppliers in Myanmar



Source: Dragon Sourcing Supplier Survey

- Oil and Gas facilities are mainly located along the Rakhine coast of the Bay of Bengal, the Shwe and the Shwe Phyu, Mya field, Island of Ramree, Mann oilfield (south of Yangon); Yetagun gasfield, Yadana field (located in the Gulf of Martaban)
- Gas exports are controlled by the state's own enterprise which co-invests with foreign partners such as Myanmar Petrochemical Enterprise, Myanmar Petroleum resources Ltd. and Myanmar Oil and Gas Enterprise (MOGE)
- The main operators of the Yadana gas field transmitted to Yangon city is France-based Total Exploration and Production Myanmar (Total E&P Myanmar) (31.24%). The other partners include Chevron Corp. of the United States (28.3%), Thailand-based PTT Exploration and Production Public Co. Ltd. (PTTEP) (25.5%), and MOGE (15%)

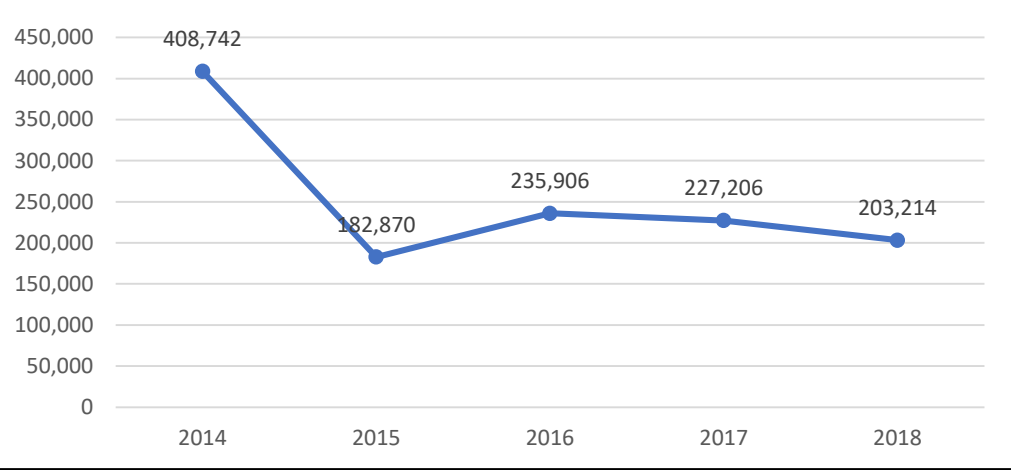


WOOD AND WOOD PRODUCTS



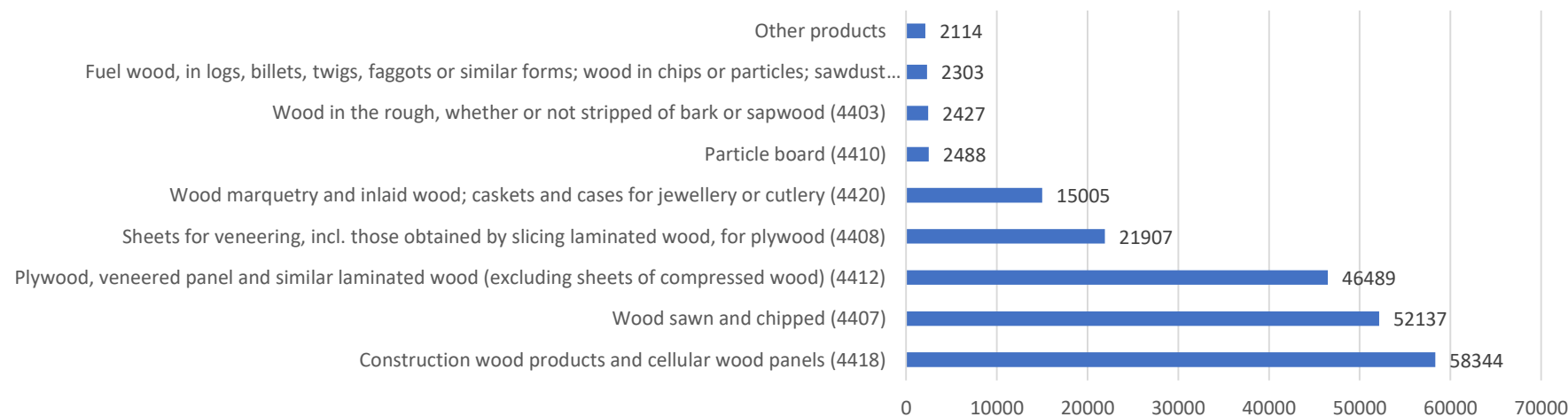
Timber and wood products- Market Trends

Myanmar- Export of HS 44- Wood & Products of Wood in USD 1000s



- Myanmar is a net exporter of wood, wood charcoal and wood products
- Due to the embargoes by the US and some countries in the EU, goods from Myanmar can not import into EU and US directly. They are usually shipped via third party countries as Singapore or Thailand...
- More than 95% of timber exports are to five major trading partners: India, Thailand, China, Singapore and Malaysia which use domestically except Singapore which mostly re-exports Myanmar timber to the west
- Myanmar produces a wide range of wood and wood products from firewood including high class furniture and furniture parts, parquet, doors and door frames, and smooth surfaced on all four sides (S4S) products.
- Most of Myanmar's wood-based businesses are operating as low-tech industries like saw mills, especially teak and hardwood
- The market for value-added products such as plywood is stagnant in the country

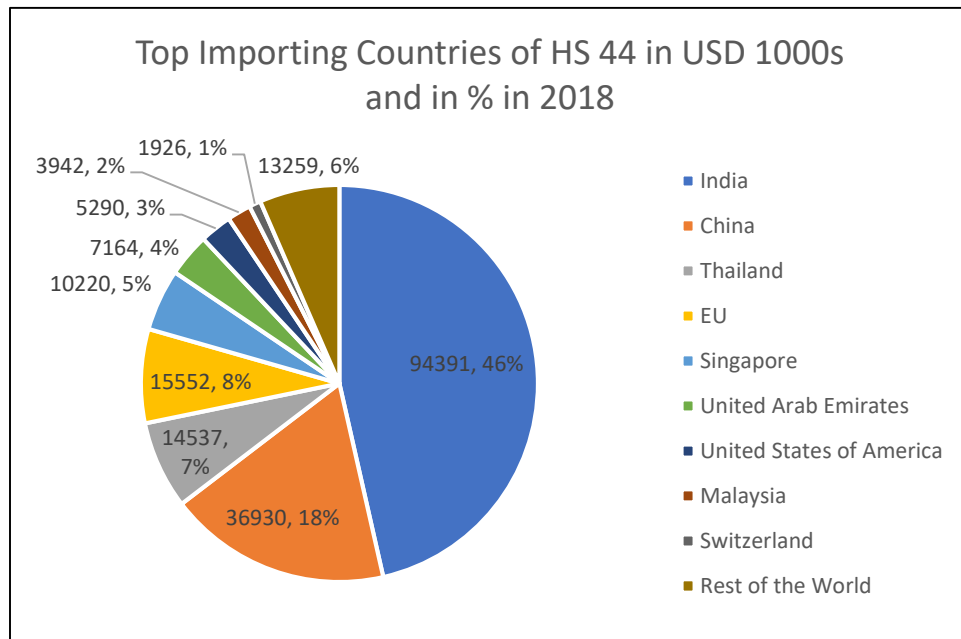
Top Export Products under HS 44 in USD 1000s in 2018



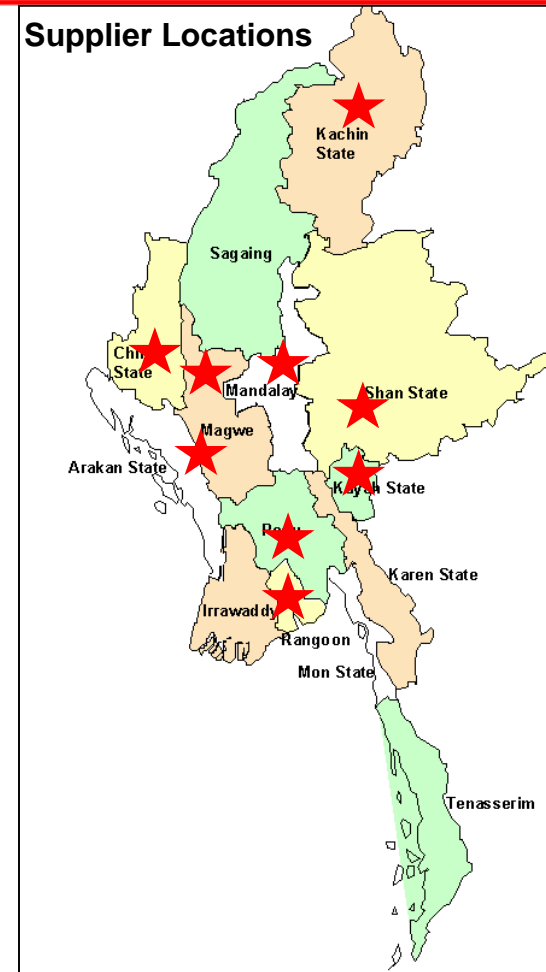
Source: International Trade Centre



Timber and wood products- Suppliers in Myanmar



Source: International Trade Centre



Source: Dragon Sourcing Supplier Survey

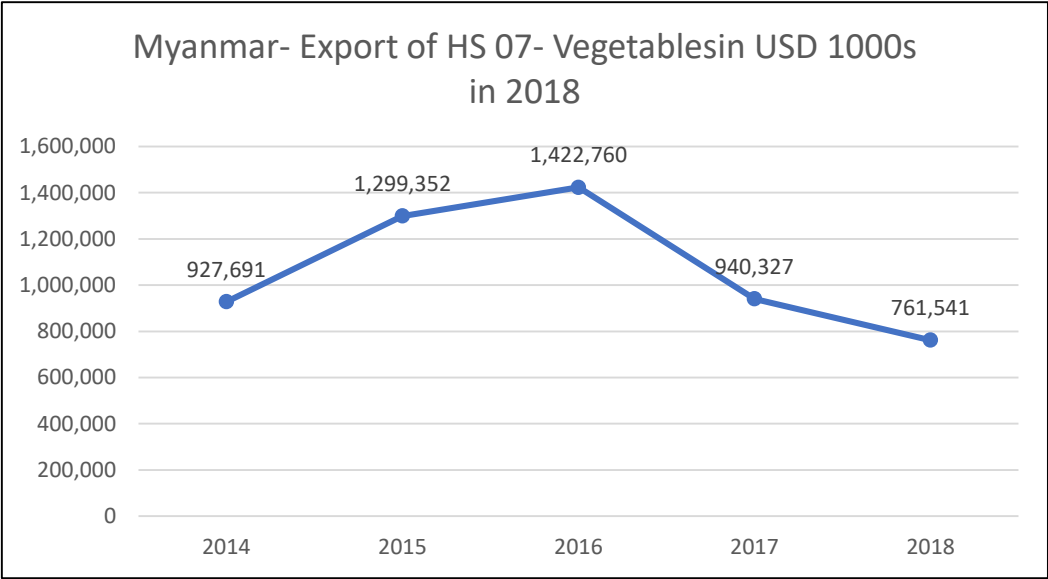
- The country initiated a market-oriented economic system after 1988 and private wood-based industries consequently started to grow after 1990. Log harvesting and exporting by the private sector were banned in 1993, but allowed to work in contract under the Myanmar Timber Enterprise (MTE) for exporting value-added wood products only.
- In 1993, the Myanmar Forest Products and Timber Merchants' Association (MFPTMA) was established to encourage production of value-added wood products by providing technical know-how and market information. As a result, 1209 entrepreneurs from production, manufacturing and marketing enterprises were registered as members by 2007. There are about 100 wood-based industries in Myanmar. Among them, 25 factories produce export-oriented furniture and the remaining factories produce decking, S4S, flooring, furniture components, finger joints, veneer and plywood (MFPTMA) located over the country.



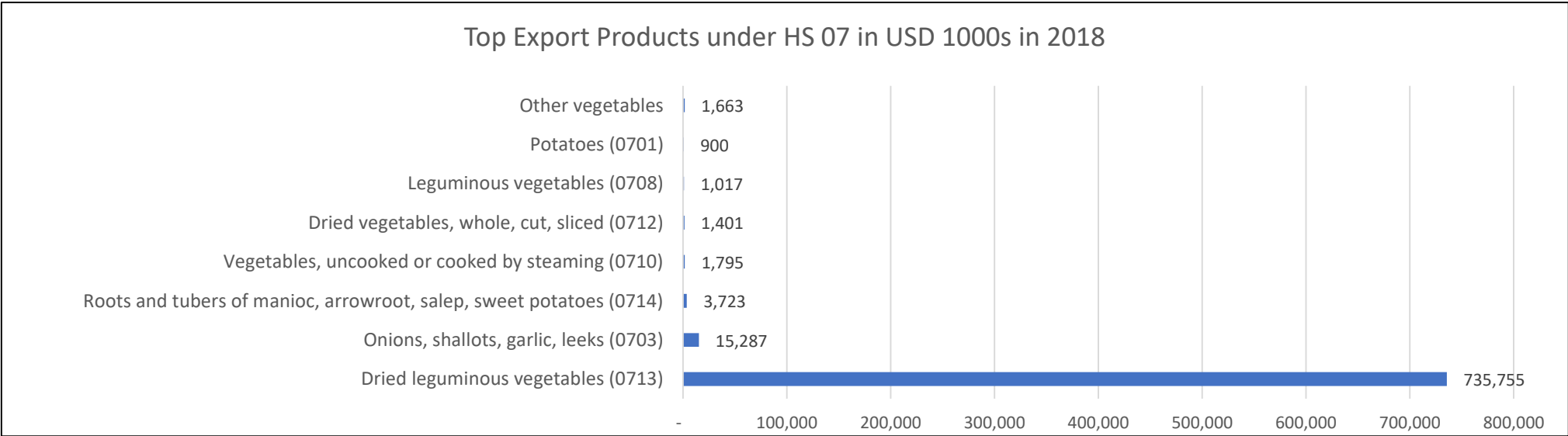
VEGETABLES AND FRUITS



Vegetables & Fruits- Market Trends



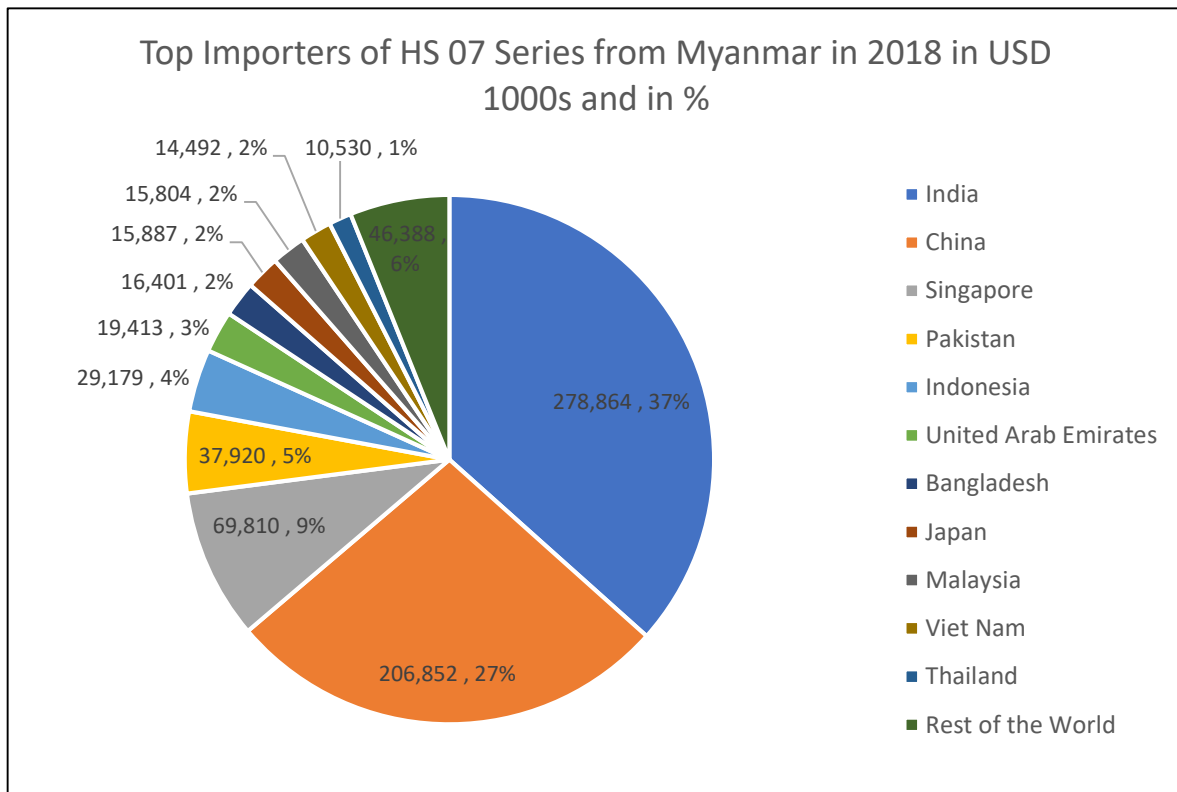
- Myanmar's major trading partners of this category include India, Pakistan, Indonesia, Malaysia, Singapore
- The government is raising efforts to promote economic growth through exports by adding new priority sectors to its National Export Strategy (NES)- Fruits and vegetables, together agricultural products have been added to the NES 2020-2025
- Myanmar produces vegetables like leguminous vegetables, chili, onion & garlic and fruits such as mango, apple, pear, plum and apricot
- There are currently 1.2 million acres under fruit cultivation in the country, along with 1 million acres devoted to growing vegetables.



Source: International Trade Centre



Vegetables & Fruits- Suppliers in Myanmar



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

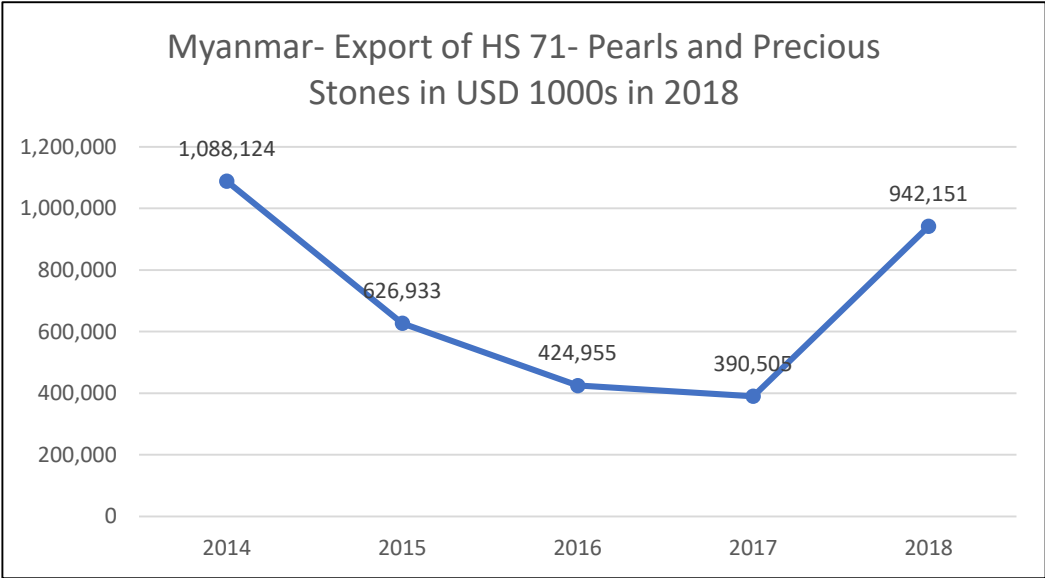
- DSL's initial research shows that most of the vegetables come from the central regions of Myanmar which lies close to the equator such as: southern Shan State, Pyin Oo Lwin, Inle Lake and the Mandalay and Yangoon areas
- Myanmar is trying to qualify for General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of the People's Republic of China for eight kinds of fruits and spices- avocados, pomelos, bananas, durian, pineapples, lime as well as white yam and cardamom



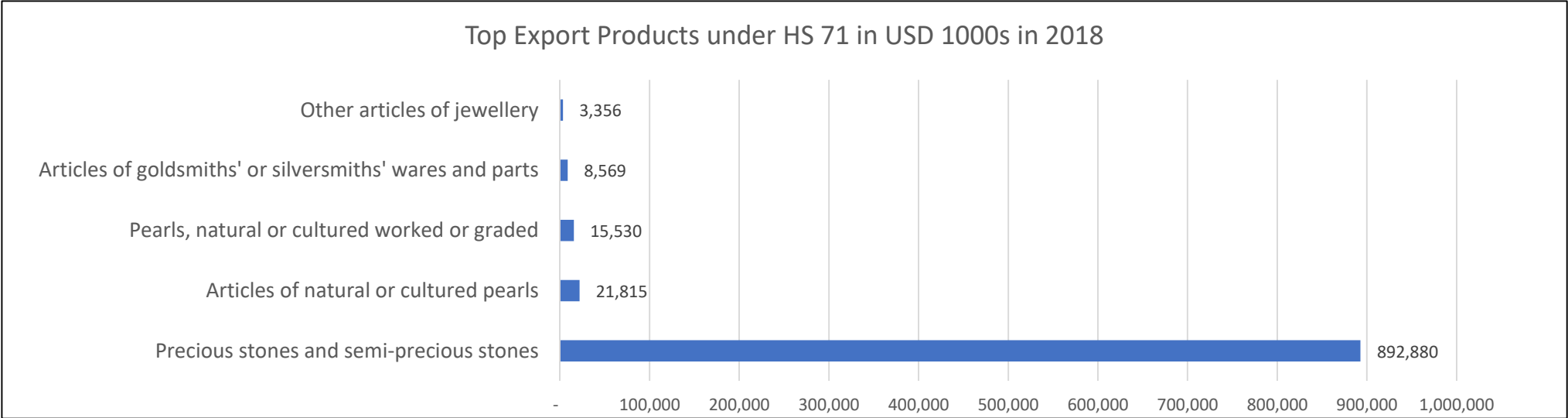
PEARL & PRECIOUS STONES



Pearl & Precious Stones- Market Trends



- Myanmar is a net exporter of Pearl and precious stones. Due to the embargo from some countries in the EU and the US, goods from Myanmar can not be imported these countries directly. Usually, they are shipped via third party countries as Hong Kong, China or Thailand
- Its major partners for this category include China, Japan, Hong Kong, France
- Exploration, extraction and export of pearls, jade and precious stones by private players are prohibited under SEE law (the State-owned Economic Enterprises Law) by the government of Myanmar. They can only be carried out by the state owned companies

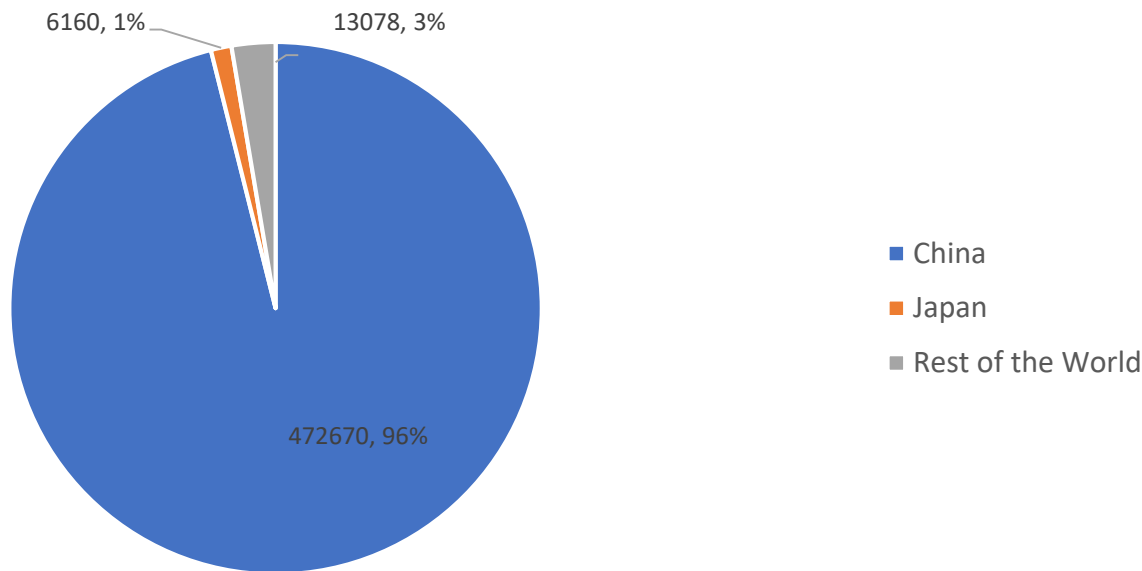


Source: International Trade Centre

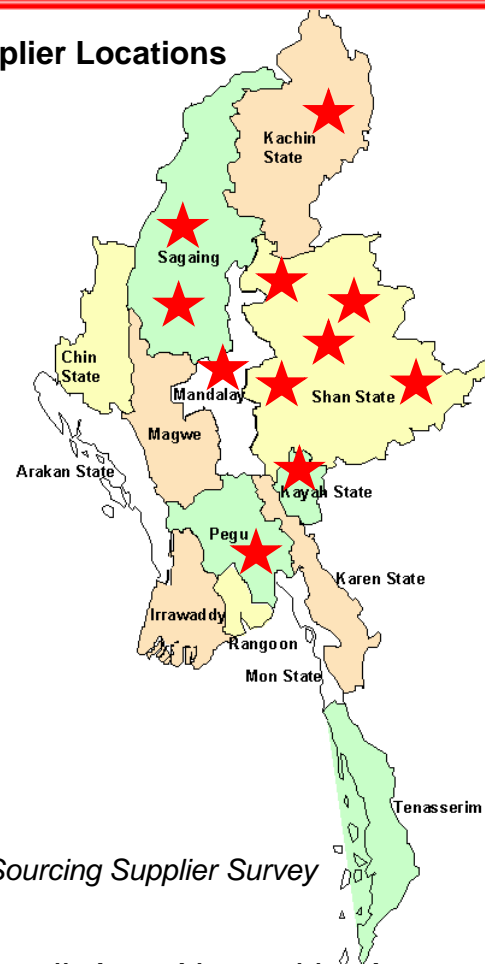


Pearl & Precious Stones- Suppliers in Myanmar

Top Importers of HS 71 Series from Myanmar in 2018 in USD 1000s and in %



Supplier Locations



Source: Dragon Sourcing Supplier Survey

Source: International Trade Centre

– Major mining areas are located in different regions of the country such as

+ **Mandalay Division:** Mogok Stone-tract, Thabeikkyin Area, Sagyin Area

+ **Shan State:** MongHsu Area, Won Salong/Linkhay Area Pyinlon Area, Mong Khut Area, Momeik Area Namsakha Area, Khappara Area,

+ **Kachin/ Kayin State:** Karmine Area, Tanine Area, Putao Area, Myainggyi Ngu Area

– DSL's initial research indicated a presence of around 50 suppliers, including traders

Source: <http://www.allmyanmar.com>

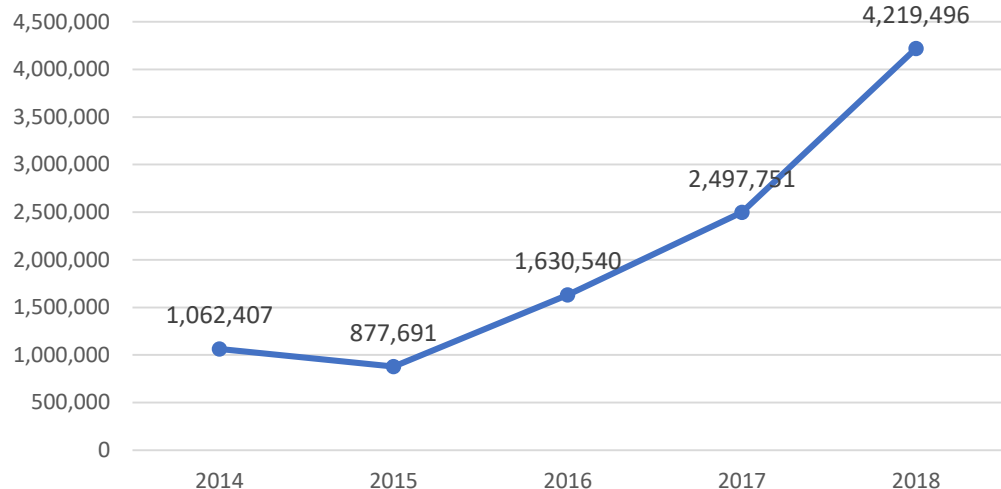


TEXTILES AND GARMENTS



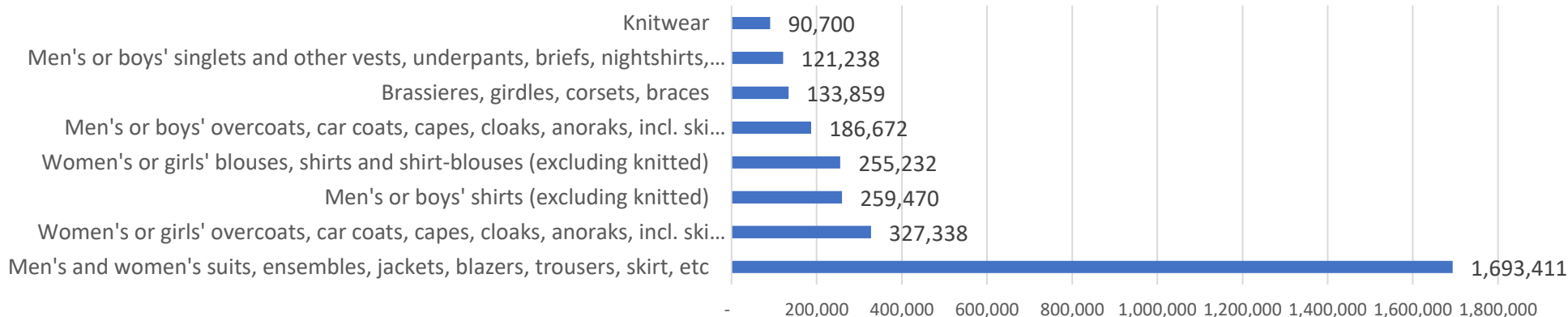
Textiles and Garments- Market Trends

Myanmar- Export of Textiles and Garments in USD
1000s in 2018



- Myanmar is a net exporter of Textiles and Garments. Myanmar's garment industry started in the early 1990s when the main export markets were the USA (44.9 %) and EU (49.6%)
- Post the embargo by some countries in the EU and the US, most of knitted fabrics and other textile fabrics are imported from China, Hong Kong, Indonesia, Thailand and Taiwan.
- Some countries in the EU like Germany and Italy (re-exported via Singapore or Thailand), China, Hong Kong, India are the top import partners since the embargo of 2001
- Myanmar Textile Industries (MTI), which operates under the umbrella of the Ministry of Industry, lists 33 factories (from spinning to garment manufacturing) and seems to consist mainly of cotton yarn& fabrics, gunny bags, fabrics for the production of traditional longyi's,
- Most garment manufacturing companies currently undertake only cut, make, pack, or CMP, orders because of the sanctions that prevent direct buying from Myanmar. Difficulties with letter of credit, or L/C, terms and inadequate banking support also renders doing Free on Board, or FOB, business very difficult for local companies.

Top Export Products under HS 60 to 63 in USD 1000s in 2018

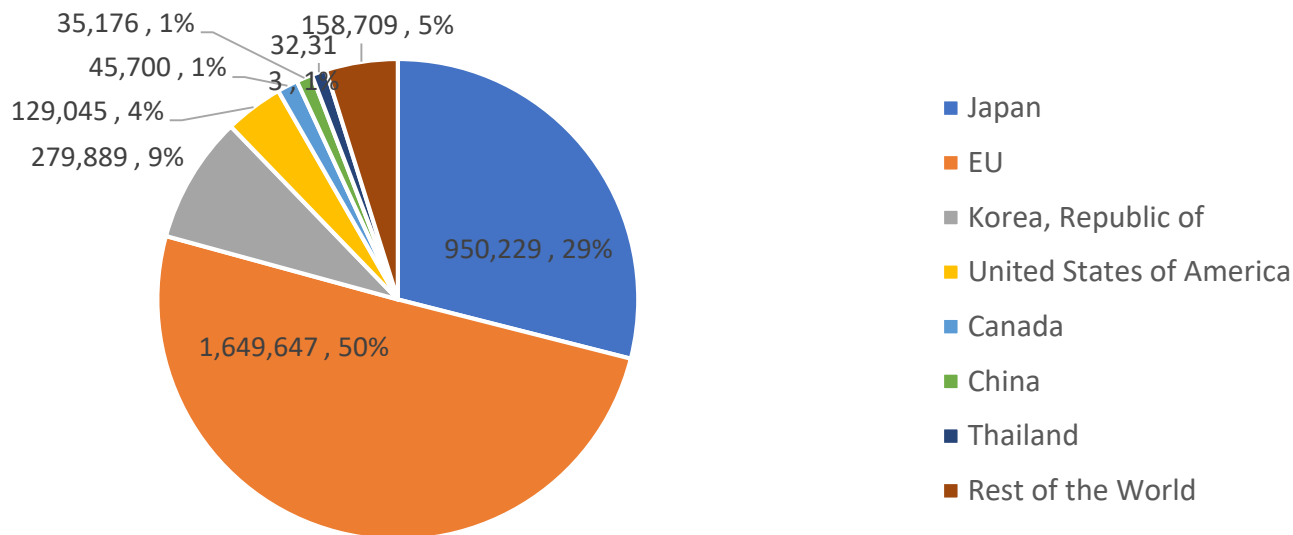


Source: International Trade Centre



Textiles & Garments- Suppliers in Myanmar

Top Importers of HS 60 to 63 Series from Myanmar in 2018 in USD 1000s and in %



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

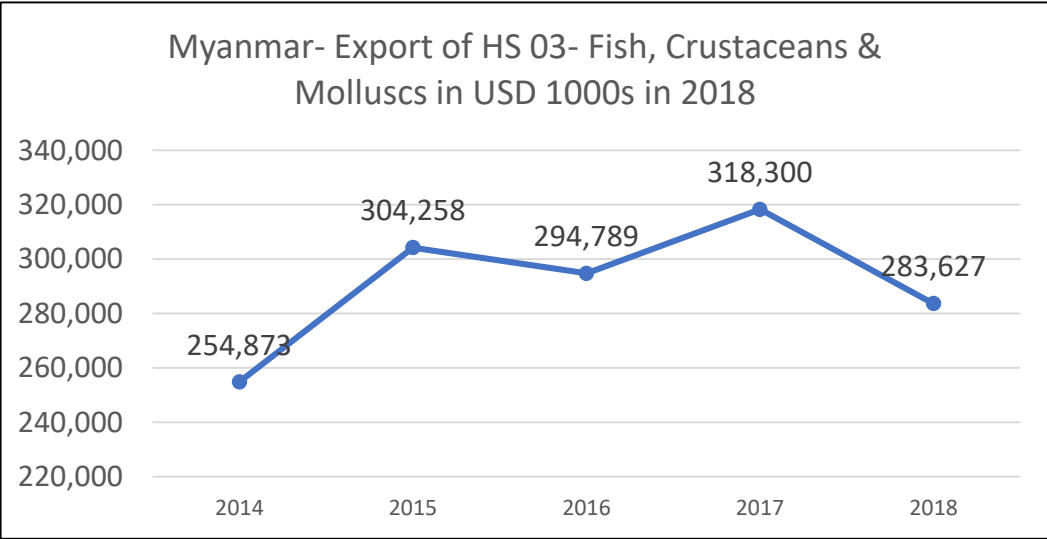
- DSL's initial research on suppliers listed in trade databases indicated a presence of over 200 garment exporting companies, nearly all of them (195) are private companies located in Yangon
- Most of the suppliers are seen to be in the CMP business (Cut, Make, Pack)
- The Government in Myanmar is planning to build about 50 garment factories in Patheingyi township in Ayeyarwady Region. The first, which will be operated by Delta Industrial Group (DIG) is expected to open by Mid 2013



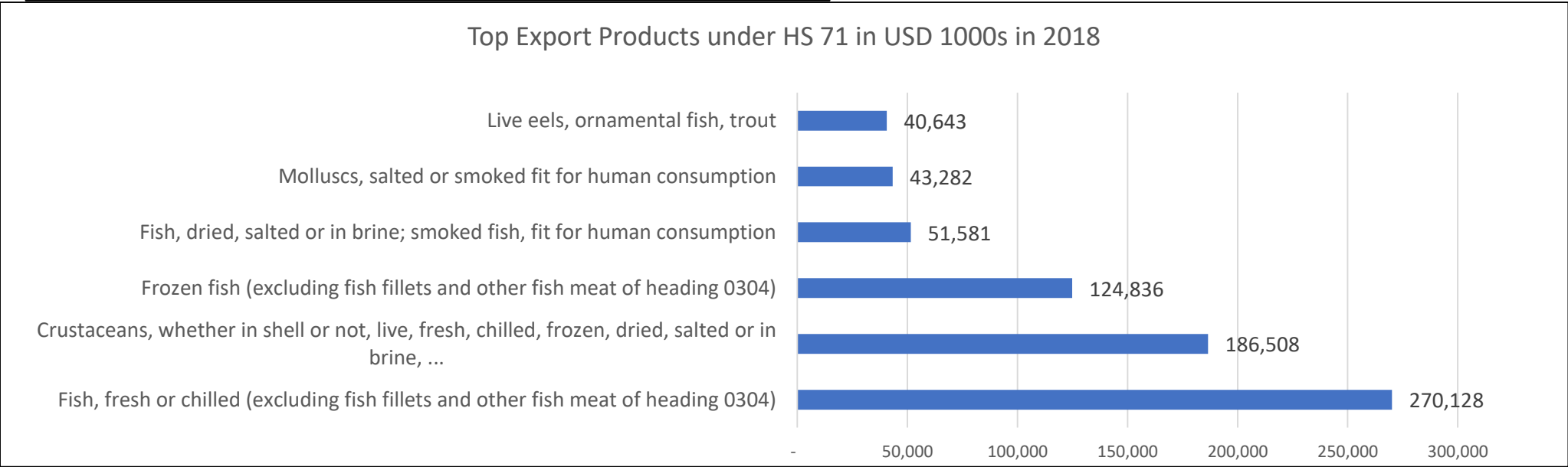
FISHERY



Fishery- Market Trends



- Myanmar is a net exporter of Fishery. Due to the embargoes by the EU and the US, fish from Myanmar cannot be import into EU and US directly. They are usually shipped via third party countries as Singapore or Thailand
- Its major partners are Japan, Thailand, Malaysia, United Kingdom, Kuwait, Singapore and Saudi Arabia
- Fisheries in Myanmar classify fish into three categories- marine, inland and aquaculture fisheries.
- It was estimated in 2017 that around 3.3 million people are directly employed in the fisheries and about 12 -15 million people are likely benefits indirectly from the fisheries through improvement in food security, employment and income.
- Myanmar is among top ten nations for higher aquaculture production as well as Tilapia, crap and barb species

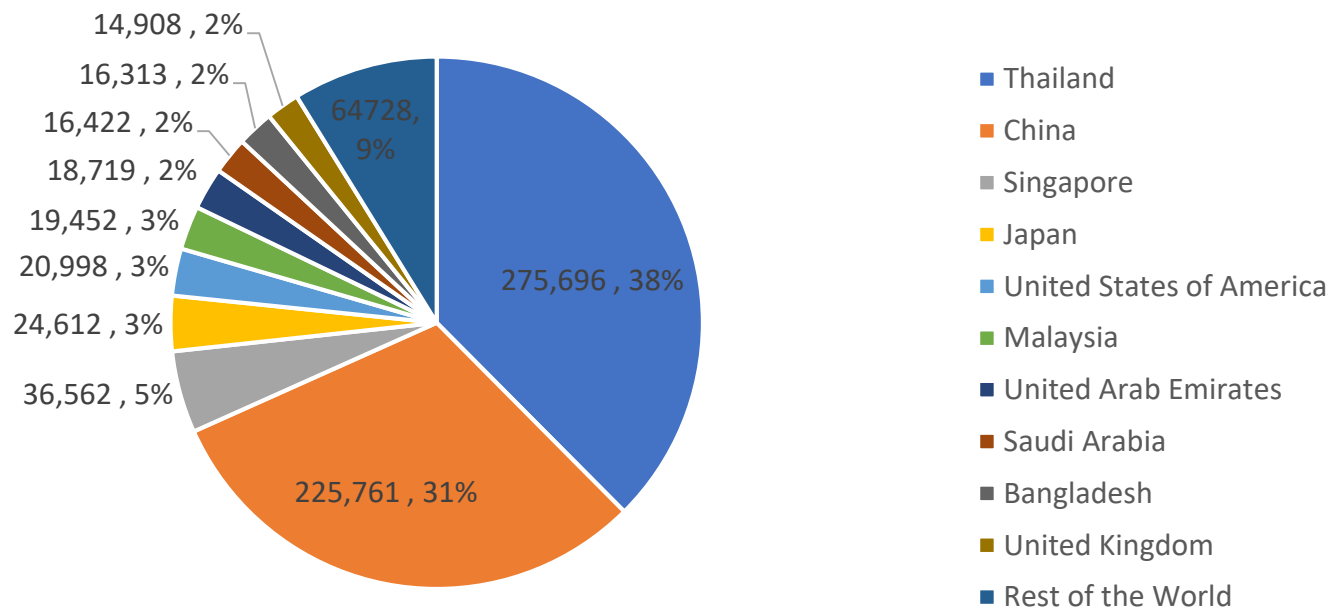


Source: International Trade Centre



Fishery- Suppliers in Myanmar

Top Importers of HS 03 Series (Fish & Moluscs) from Myanmar in 2018 in USD 1000s and in %



Source: International Trade Centre

- DSL's initial research on suppliers listed in trade databases shows a presence of 764 fishing companies, all part of the Myanmar Fishery Federation
- These suppliers also include traders located mainly along the coastline
- The main landing sites are around Yangon, Pazuntaung Nyaungdan and Annawa with a fish market at San Pya in Alone township. Other major landing sites are found along the coast, at Thandwe, Mawlamyine, Myeik and Kawthoung

Supplier Locations



Source: Dragon Sourcing Supplier Survey



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