



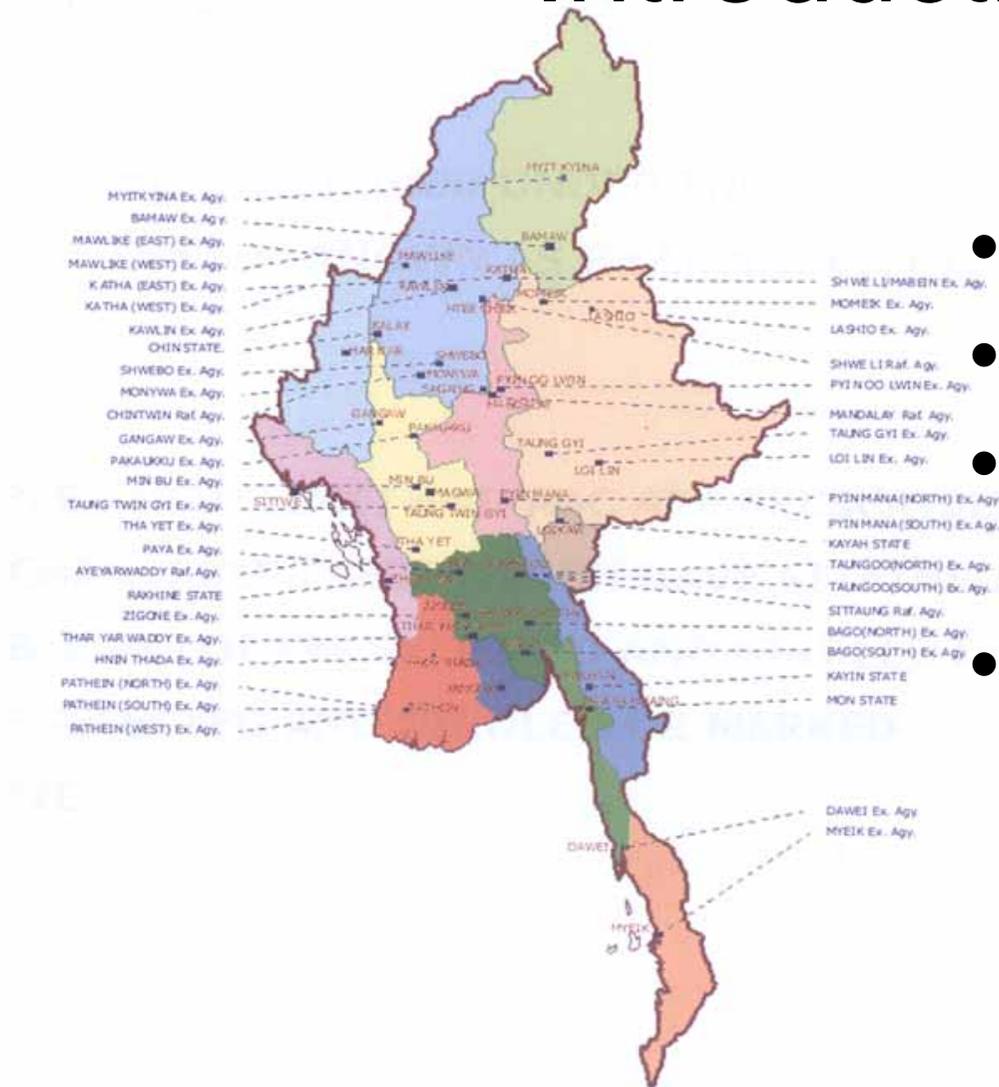
# ITTO Tropical Forest Investment Forum- Mexico

## An Outline Of The Forest Situation And Investment Opportunities In Myanmar

Presented by

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# Introduction



- Continental
- South East Asia
- Forest Covered
  - 50% Surface Area
- Forest 32.4 m hectare

# General Forest Situation

- Teak – North to South-Range
  - Slopes of Eastern
  - Yoma along China, Lao and India borders
- Hard Wood Species – Commercial 85 out of 700
- Neglected Species Possess Fine Qualities for Industrial use.



# Forest Harvesting

- Myanmar's concern upon careful logging to protect future crop trees aiming at sustained yield harvesting dates back to 1856
- Myanma Selection System (MSS) is the forest management system for teak forests just developed by Sir Dietrich Brandis which is exploitation-cum-regeneration system

# Forest Harvesting

- Timber Extraction Process involves:-
  - Extraction Planning
  - Felling & Logging
  - Stumping
  - Transporting
  - Issuance of Trucking Slips
  - Completion Report

# Forest Harvesting

## Harvesting Operations

- Felling
- Scaling & Bucking
- Skidding
- Log Dumps and Log Landing
- Loading and Unloading
- Log Transportation
- Preliminary Post- Harvest Assessment by MTE
- Harvest Completion
- Post- Harvest Assessment by FD & MTE
- Social Factors

# Forest Harvesting

- **Mainly employed animals especially elephants which reduces adverse impacts upon the remaining forest and its environment after logging**

# Timber Industries

## Three Types

- Government Owned
- Joint Venture Participation
- Privately Generate

## Raw Materials

- Teak
- Hardwood Logs

## Finished Products

- Mostly Rough sawn Timber
- Wood Based Finished Products

# Forms of Investment

- Foreign investors can set up their business either in the form of :
  - a wholly foreign-owned 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% of the total equity capital.



# Investment Incentives

Tax incentives under the Foreign Investment Law are:

- exemption from income tax for 3 consecutive years beginning with the year in which the operation commences and a further tax exemption or relief for an appropriate period in case if it is considered beneficial for the State
- exemption or relief from customs duty and other taxes on imported machinery and equipment for use during the construction period and
- imported raw materials for the first 3 years commercial production following the completion of construction.

# Right to Transfer Foreign Currency

A person who has brought in foreign capital can transfer the following:

- foreign currency entitlement of him.
- net profit after deducting all taxes and provisions.
- foreign currency permitted for withdrawal by the Commission which may include the value of assets on the winding up of business.
- A foreign employee can transfer his salary and lawful income after deducting taxes and other living expenses incurred domestically.

# Guarantee

- The FIL provides an irrevocable state guarantee that an enterprise permitted by MIC under the FIL shall not be nationalized during the permitted period or the extended period (if any).
- It also provides repatriation of profit (after all deduction of all taxes and the prescribed funds) as well as legitimate balance of salary and lawful income of foreign personnel (after payment of living expenses and taxes).
- In the case of termination or dissolution of the business, repatriation of foreign capital can also be allowed.

# Investment Potentials

- **A vast potential of land resources for cultivation,**
- **Enormous potentials for the expansion of crop over by multiple cropping with the help of different networks of irrigation facilities.**
- **Rich marine resources in Myanmar water along its long sea coastlines associated with vast continental shelf and exclusive economic zone provide excellent potential for expansion of the fishery sector.**

# Investment Potentials (Conts.)

- **Many hardwood and softwood species that have been neglected in the past. These lesser-known species can be exploited for processing value added products commercially for export.**
- **Varieties of metallic and non-metallic minerals are available for development.**
- **Varieties of gems and precious stone available for jewellery manufacturing.**
- **Places most appropriate for pearl cultivation to produce good quality pearls.**

# Investment Potentials (Conts.)

- **High potential in the development of hydro-energy.**
- **Discovery of new off-shore gas fields under the production sharing contract.**
- **Comparative advantage in wages compared to other developing countries.**
- **Existing of fairly trained and literate labour force attracts labour intensive and export oriented industries.**

# Establishing Industrial Zones

- Inviting the establishment of industrial zones
- Aim at promoting exports

## Forest Investment of Permitted Enterprise as of 31-3-2006 (by Sector)

( US \$ in million )

Sr.	Particulars	Permitted Enterprises		%
		No.	Approved Amount	
1	Power	1	6030.000	43.65
2	Oil and Gas	71	2634.998	19.07
3	Manufacturing	152	1610.408	11.66
4	Real Estate	19	1056.453	7.65
5	Hotel and Tourism	43	1056.453	7.65
6	Mining	58	534.890	3.87
7	Transport & Communication	16	313.272	2.27
8	Livestock & Fisheries	24	312.358	2.26
9	Industrial Estate	3	193.113	1.40
10	Construction	2	37.767	0.27
11	Agriculture	4	34.351	0.25
12	Other Services	6	23.686	0.17
	Total	399	13815.857	100.00

## FOREIGN INVESTMENT OF PERMITTED ENTERPRISES AS OF (31/3/2006)

( BY COUNTRY )

( US \$ in million )

Sr. No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	Thailand	57	7375.623	53.39
2	U.K *	40	1569.524	11.36
3	Singapore	70	1434.213	10.38
4	Malaysia	33	660.747	4.78
5	Hong Kong	31	504.218	3.65
6	France	3	470.370	3.40
7	U.S.A	15	243.565	1.76
8	Indonesia	12	241.497	1.75
9	The Netherlands	5	238.835	1.56
10	Japan	23	215.283	1.56
11	China	26	194.221	1.41
12	Republic of Korea	34	191.308	1.38
13	Philippine	2	146.667	1.06
14	Australia	14	82.080	0.59
15	Austria	2	72.500	0.52





( US \$ in million )

Sr. No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
16	Canada	17	61.231	0.44
17	India	3	35.075	0.25
18	Panama	1	29.101	0.21
19	Germany	1	15.000	0.11
20	Denmark	1	13.370	0.10
21	Cyprus	1	5.250	0.04
22	Macau	2	4.400	0.03
23	Switzerland	1	3.382	0.02
24	Bangladesh	2	2.957	0.02
25	Israel	1	2.400	0.02
26	Brunei Darussalam	1	2.040	0.01
27	Srilanka	1	1.000	0.01
	Total	399	13185.857	100.00

\* Inclusive of enterprises incorporated in British Virgin Islands, Bermuda Islands and Cayman Islands.



**THANK YOU**