

Partnering for success in Asia and Africa :

Overview on SMEs in Myanmar

“ 2nd World SME Summit ”

Hong Kong General Chamber of Small and Medium Business

(6 December 2012)

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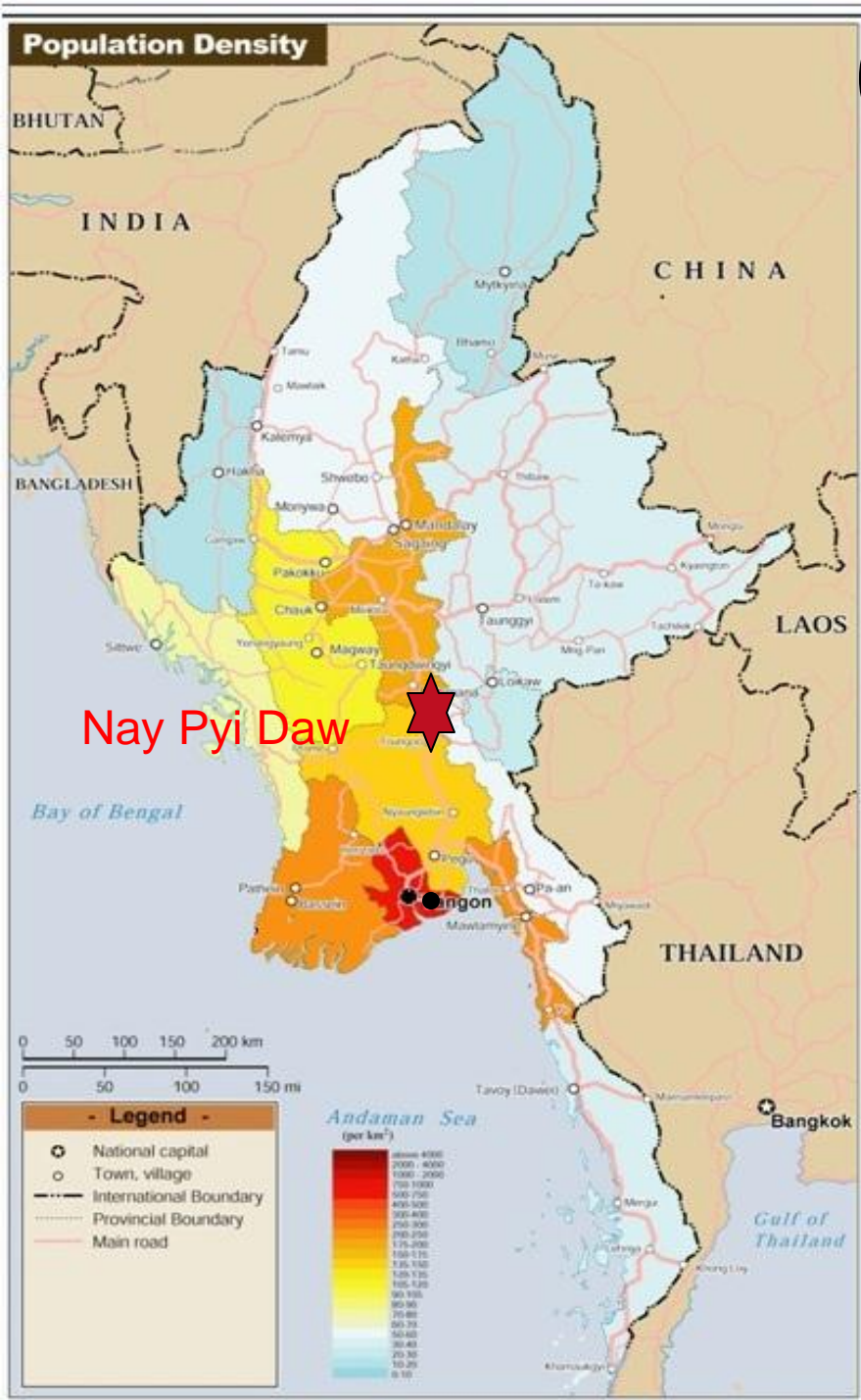
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Myanmar at a glance



Total Area	261228 Sq.miles
International boundary	3640 miles
Coast Line	1760 miles
Total Land Area	167.19 mn acres
Capital	Nay Pyi Taw
Population	60 million
Working-age population	33.87 million
Language	Myanmar is the official Language. English is widely used all over the country.

Definition of SMEs in Myanmar

- **1990 Private Industrial Enterprises Law categorized small and medium scale industrial enterprises.**
- **Based on;**
 - **Number Of Employees**
 - **Capital investment**
 - **Production Volume and**
 - **Electrical usages.**

Small Scale Industrial Enterprise

- **Employ 1 to 50 workers**
- **Have a capital of Myanmar Currency Kyats up to one million (1250 US\$)**
- **Have a yearly production value of Myanmar Currency Kyats 2.5 million (3100 US\$)**
- **Use up from 3 Horse Power to 25 Horse Power**

Medium Scale Industrial Enterprise

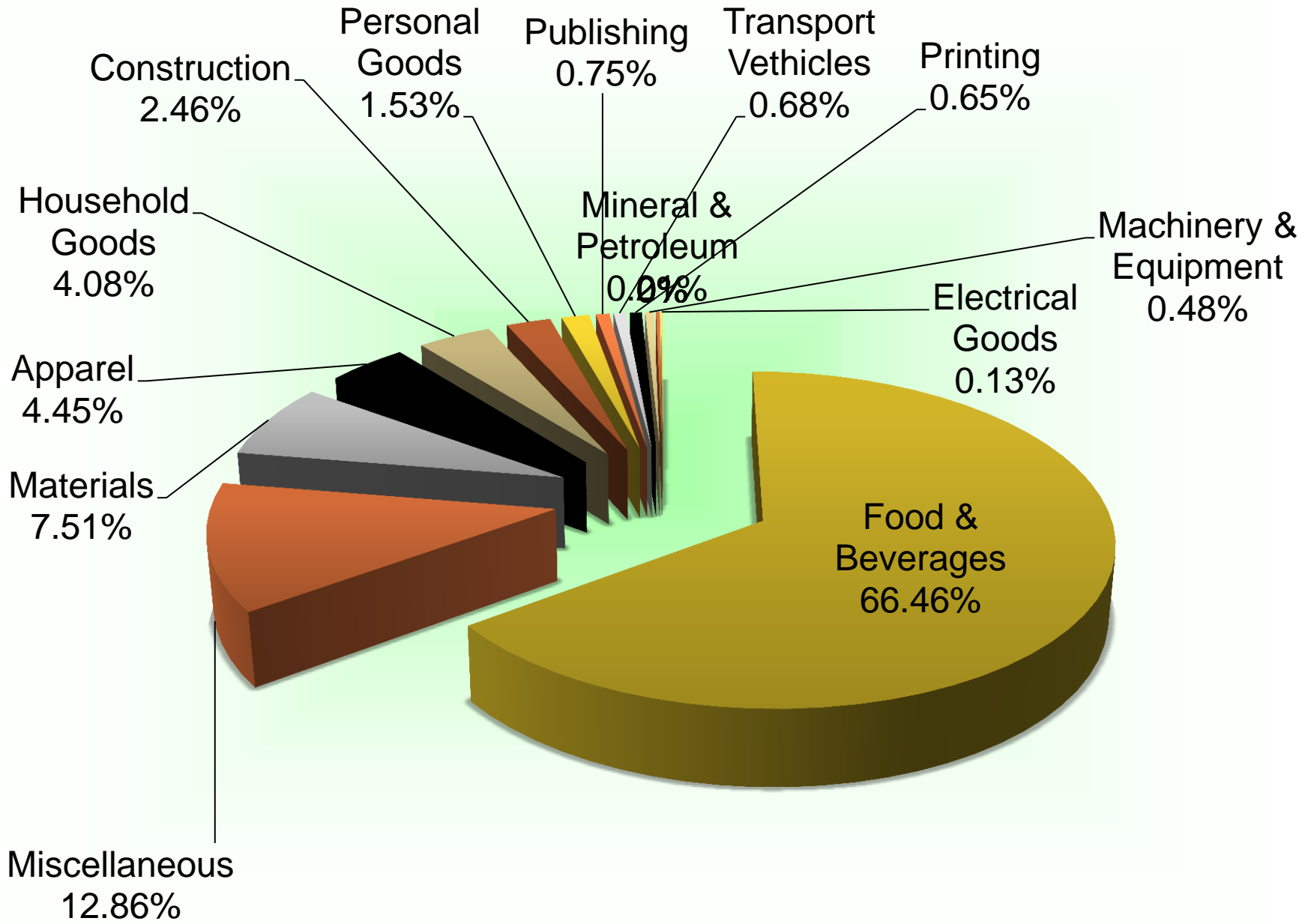
- **Employ 51 to 100 workers**
- **Have a capital of Myanmar Currency Kyats 1 to 5 million (1250 US\$ to 6000 US\$)**
- **Have a yearly production value of Myanmar Currency Kyats 2.5 to 10 million (3100 US\$ to 12500 US\$)**
- **Use up from 25 Horse Power to 50 Horse Power**

SMEs Development Policy in Myanmar

- **One of Myanmar economic objectives is to transform the agricultural economy into agro-based industrial economy.**
- **Contributes to the employment creation, resource utilization, income generation and promotion of investment both from micro and macro-economic points of view.**
- **Promulgated necessary laws.**

The Role of SMEs in Myanmar

- **SME plays a vital role for the industrialization of Myanmar**
- **96 % of economic sector in both rural and urban areas**
- **92% of the manufacturing sector**
- **Over 42,000 registered SMEs operating nationwide and**
- **Over 66% are food and beverages**



Financing SMEs

- **Myanmar Industrial Development Bank introduced the soft loans by lowering interest rate to investors to SMEs**
- **Cooperative Private Bank and Ministry of Cooperation assist financial supports to the Micro Enterprises**
- **Myanmar Agricultural Development Bank provides the small loans to rural farmers, fishery sector and rubber plantation**
- **Myanmar Government subsidized 5 billion kyats for bank loans in 2012 - 13 to reduce bank interest rates**
- **Myanmar Industrial Development Bank has been converted into SME Development Bank to encourage the rapid development of the sector**

Opportunities & Challenges in SMEs Development

Advantage of SMEs in Myanmar are;

- Greater cooperating and linkages among the government**
- Private sector**
- Education and technological institutions**
- High prospects to enter regional markets**
- Huge potential for export market and labor intensive manufacturing sector**
- Abundant human resources with competitive labor wages and natural resources**
- Gaining awareness and interest by both private and public sectors**
- Government's encouragement including plans to provide financial assistance**

Opportunities & Challenges in SMEs Development

Weakness of SMEs in Myanmar are;

- Infrastructure**
- Inadequate access to financing including short terms for bank loans**
- Inadequate level of managerial skills and proper technology**
- Lack of equipment**
- Qualified human resources**
- Mortgage for bank loans and access to international markets**
- High interest rate**
- Low level of productivity and lack of IP awareness**

Thank you !