Foreign Investment in Myanmar: A Resource Boom but a Development Bust?

JARED BISSINGER

Based on data for actual and approved Foreign Direct Investment (FDI) from 1989–2011, this paper explores the major trends in FDI in Myanmar, focusing on changes over time in the source and sector of investment. It argues that over the last decade Myanmar’s inward FDI has become heavily concentrated in the extractive and power sectors, while investment in manufacturing, services and other secondary and tertiary sectors has been almost non-existent. This is mostly the result of a poor investment climate, including import and export regulations, a weak judicial system, currency controls and weak property rights. The paper shows that China, Hong Kong, South Korea and Thailand have been the main investors in Myanmar, while Singapore, India and Western countries invested little in the 2000s. This divergence is driven partly by the differing investment patterns of the source countries, yet also reflects commercial and geopolitical realities, sanctions and concerns over energy security. The paper then examines whether and how FDI can lead to economic development in Myanmar, and closes by discussing the importance of recent political and economic reforms for rebalancing Myanmar’s FDI.

Keywords: Myanmar, Foreign Direct Investment, ASEAN, China/India competition, economic development.

In February 2011 media outlets worldwide reported that China had surpassed Thailand as the largest foreign investor in Myanmar.¹ China had US$8.25 billion of approved investment in fiscal year

JARED BISSINGER is a doctoral candidate at Macquarie University, Sydney, Australia.
2010–11 (which in Myanmar runs April to March), all for projects in the extractive and power sectors. It was the biggest investor in Myanmar’s FY2010–11 Foreign Direct Investment (FDI) windfall of almost $20 billion — more than the previous twenty years combined. This was just slightly higher than Vietnam’s approved investments for the corresponding fiscal year, which totalled $19.9 billion. Yet the FY2010–11 FDI figures exemplified a decade long trend of investment being overwhelmingly concentrated in the extractive (mining and oil and gas) and power sectors. Only 1 per cent of the FDI from FY2010–11 was outside these sectors, evidence that foreign investors saw few other viable investment opportunities in Myanmar’s challenging business climate. The majority of these investments came from neighbouring countries, most notably China, but also Thailand and South Korea. This is partly the result of Beijing’s often overstated but still sizable influence in Naypyidaw, as well as its desire to secure natural resources from abroad and bypass the strategic chokepoint that is the Straits of Malacca. But the source of Myanmar’s FDI is also shaped by other factors, including different home country investment patterns. China, for example, is historically a major investor in resource projects. Singapore and Japan tend to invest more in sectors such as real estate and manufacturing, yet because these projects were less viable in Myanmar for the last decade, investors from these countries have often turned elsewhere. Despite oft-cited competition for resource investment in Myanmar, India’s actual investment in the country has been miniscule, though Indian investors have in recent years spent approximately 80 per cent of their FDI on mergers and acquisitions, which are rare in Myanmar.

The concentration of FDI has important implications for Myanmar’s economic development, as contrary to common perceptions FDI is not inherently or uniformly beneficial for a host country. Instead, the positives vary depending on the source and sector of investments, the forward and backward linkages they create with other parts of the economy, the number and types of jobs created, and the host country’s economic policies. Most of the FDI that has come into Myanmar in the last decade has created little direct employment and few linkages with existing industries, limiting their positive benefits. Despite this, FDI is still rightly viewed as an important part of Myanmar’s economic development.

This paper reviews changes in the source country and economic sector of FDI in Myanmar using actual and approved investment data from 1989 until 2011. The data has been disaggregated by
Foreign Investment in Myanmar

country, sector, and for select years both. It looks at FDI in two
periods: the first from the passage of the Foreign Investment Law in
November 1988 to the end of FY1999–2000, and the second from
FY2000–01 to the present. This division was selected because it
falls at the end of a decade, during a lull in both approved and
actual investment (after most of the projects approved before the
1997–98 Asian Financial Crisis had been fulfilled), and around the
time when the changing trends in Myanmar’s FDI were first becoming
evident. The paper starts by noting some caveats of FDI figures in
Myanmar. It then reviews recent literature on FDI in Myanmar,
before examining the major trends in the country’s investment data.
The next section compares these trends with those of Myanmar’s
neighbours, Vietnam and Laos. The paper then engages with the
theoretical literature on FDI to explore what these investment
patterns reveal about the macro economy, and how they are shaped
by geopolitics, sanctions, commercial concerns and the specific
investment patterns of each home country. The paper closes with
a brief examination of whether these FDI projects can contribute
to broad-based economic development in Myanmar.

The Data and Its Caveats

Constructing narratives about Myanmar based on economic data is
fraught with difficulties: often figures are not available, and when they
are, their accuracy is suspect. Figures on FDI are no different, and
therefore merit a few caveats before further examination. Myanmar’s
FDI statistics come in two varieties: approved, the figures published
by the Central Statistics Office (CSO) and commonly cited in the
media, and actual. Approved investment figures come directly
from the Myanmar Investment Commission (MIC), which is tasked
with scrutinizing foreign investment proposals and approving those
which it determines “promote the interests of the state”.\(^6\) Approved
investment is the total number of projects and amount of foreign
investment that the commission approves in any given year, and is
disaggregated by source country and sector. It does not represent
foreign funds that have already entered the country.

Actual investment is the total amount of foreign funds which
enter the country. These figures are collected by Myanmar’s CSO
and released indirectly through the Association of Southeast Asian
Nations (ASEAN), the United Nations Conference on Trade and
Development (UNCTAD), the World Bank and the International
Monetary Fund (IMF). Approved and actual investments in any given year tend not to be highly correlated, as investors may need months or years from the time of approval to complete all logistical and financial arrangements for their projects. This creates a time lag in the data for any given year. However this paper contains a complete set of approved and actual investment figures since 1988, which helps minimize this problem. During the time between approval and actual investment, changes on the ground could lead investors to increase or decrease the size of their investment or drop it completely. This partly explains the difference between the approved and actual figures, a problem not unique to, but certainly exemplified by Myanmar. It can also shed light on the likelihood that recently approved investments come to fruition.7

Neither actual nor approved figures capture one of the country’s most thriving avenues of investment — informal inflows. These could result from some sensitive deals (especially those involving the military) being kept from the MIC. Other investors may have chosen to bypass the MIC for other reasons including convenience, while small investors may have done so because the MIC’s mandate only covers investments over $500,000.8 Together, informal and small inflows constitute an important component of Myanmar’s large and thriving shadow economy, which the United Nations Development Programme (UNDP) recently estimated to constitute fully 47.8 per cent of the country’s GDP in 2005.9 Yet because of a lack of data, these investments fall outside the scope of this paper. These caveats aside, however, the figures illustrate a number of trends that anecdotal evidence and alternative sources support. Their reliability may be enhanced because they come from one source instead of broad nationwide surveys.10 They also correspond surprisingly well with external political and economic events.

FDI in Myanmar: By the Numbers

FDI in Myanmar has been addressed before in a number of publications. In 2001, Burma Economic Watch produced a report entitled “Foreign Direct Investment and the Garments Industry in Burma”, written when shifting trends in Myanmar’s FDI were first surfacing.11 Among these was the significant drop in investment in hotels and tourism — mostly because of the Asian Financial Crisis (AFC). The crisis, combined with what the authors argue was an only moderately successful tourist industry with a glut of capacity,
presaged a “lost decade” for FDI in Myanmar’s tourist industry. The authors also highlight one of the successful sectors for FDI in the early 2000s, garment manufacturing. By the mid 2000s this sector would also be met with a fierce decline. Another recent publication examining FDI in Myanmar is Thandar Khine’s examination of FDI from ASEAN. This paper highlighted the important historic role that Thailand has played as an economic partner of Myanmar, though the timing of the paper, in early 2008, came just at the beginning of the rapid rise of China’s investment in Myanmar.\footnote{12}

From the passage of the November 1988 Foreign Investment Law, which signalled Myanmar’s renewed opening to FDI, to July 2011, the country attracted more than $36 billion in approved investment from 455 projects. Almost $20 billion of this was in FY2010–11 alone, though it came from only 25 projects. Prior

Figure 1
Approved Foreign Direct Investment by Year

![Graph showing the approved foreign direct investment by year in Myanmar.](image)

\textit{Note:} 2011–12 covers from April–July only.
\textit{Source:} Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
to FY2010–11, the country had only approved about $16 billion of investment. Much of this — about $6 billion — was for the Tasang Dam, which has yet to progress beyond the planning stage. Most of the remaining investments came in the mid to late 1990s, including Myanmar’s first major natural gas project, the Yadana offshore field. This period saw a wide range of comparatively small investments. In FY1996–97 alone, Myanmar approved 78 different investments, compared to under 12 for an average year since the start of FY2000–01.

Actual investment has been less subject to the dramatic spikes and slumps of approved investments, though the two correspond relatively well when factoring in a time lag. Data on actual investments is available in disaggregated form through September 2009, leaving some uncertainty about recent inflows. However, of the approximately $16 billion in approved investments received before FY2010–11, around $8 billion has actually entered the country, with most of the remainder tied to the Tasang Dam project.

Both approved and actual investments correspond well with major political and economic events. The initial burst of FDI following the 1988 foreign investment law was followed by a lull, the result of stalled reforms and political uncertainties related to the fall of Senior General Saw Muang, Chairman of the ruling State Law and Order Restoration Council (SLORC) and rise of his successor Senior General Than Shwe. The next boom coincided closely with Visit Myanmar Year 1996 and the rise of international investments in Southeast Asia preceding the AFC. The economic crisis was a major contributor to the fall in approved investment in FY1997–98, and actual investment shortly thereafter. This decrease also coincided with the start of US investment sanctions in 1997, a foreign currency crisis and subsequent imposition of trade restrictions that same year, the creation of a trade and investment council, and the expropriation of Mandalay Beer in November 1998, all of which had a negative impact on perceptions of Myanmar’s investment climate. The recent boom in FDI corresponds closely with the increasing search for natural resources by rapidly growing Asian economies, most notably China, as well as the nascent recovery of the world economy following the Global Financial Crisis (GFC). While the GFC likely contributed to a decline in actual inflows from the peak in FY2008-09, the drop will prove short-lived if even a fraction of the approved investments from FY2010–11 materialize.
The Changing Sectoral Structure of Investment

Behind the aggregated ebb and flow of investment are important changes in their sectoral distribution. Some sectors such as power attract large but infrequent investments, while others such as manufacturing attract small but more numerous investments. The rush of approved investments in FY2010–11 solidified the dominance of the power and extractive sectors as the top sectors for FDI in Myanmar, when measured by size. Since 1988, the power sector has attracted the most approved investments, for five projects together worth over $14.53 billion. The oil and gas sector has attracted nearly as much total investment, though for a significantly higher number of projects, 104. Manufacturing has attracted the most individual investment approvals, a total of 159 since 1988, though the average size is smaller than either the power or oil and gas sectors, at around $10.8 million per investment.
The size of new investments in the extractive (mining and oil and gas) and power sectors has concealed an important trend: the decade long dearth of FDI in other sectors of the economy. Since the start of FY2000–01, the extractive and power sectors accounted for 98.1 per cent of the total value of investment approvals. Manufacturing brought in $220 million, only 0.76 per cent of all approved FDI, and over a third of that came in the first fiscal year of the decade, FY2000–01. Agriculture garnered $159 million, just 0.55 per cent of the total. The remaining sectors, hotels and tourism, fishing, real estate development, transport, other, industrial estate and construction, together brought in just 0.62 per cent of the country’s FDI. Together, 11 of 12 sectors tracked by the CSO registered investment commitments during this time, though out of over $28.8 billion, only $558 million were in sectors outside of power and extractive industries.

The dramatic increase in the total dollar amount of approved investment is not due to a significant rise in the total number of investments, but instead to the increase in the number of large scale investments. Since April 2008, at least six investments of

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Investments</th>
<th>Approved Investments, US$ million</th>
<th>Average Investment Size, US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>159</td>
<td>1,718</td>
<td>10.80</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>104</td>
<td>13,815</td>
<td>132.84</td>
</tr>
<tr>
<td>Mining</td>
<td>64</td>
<td>2794</td>
<td>43.66</td>
</tr>
<tr>
<td>Hotels &amp; Tourism</td>
<td>46</td>
<td>1,093</td>
<td>23.77</td>
</tr>
<tr>
<td>Fishing</td>
<td>25</td>
<td>324</td>
<td>12.97</td>
</tr>
<tr>
<td>Real Estate Development</td>
<td>18</td>
<td>1,028</td>
<td>57.10</td>
</tr>
<tr>
<td>Transport</td>
<td>16</td>
<td>313</td>
<td>19.58</td>
</tr>
<tr>
<td>Agriculture</td>
<td>7</td>
<td>173</td>
<td>24.73</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>24</td>
<td>3.95</td>
</tr>
<tr>
<td>Power</td>
<td>5</td>
<td>14,530</td>
<td>2,905.95</td>
</tr>
<tr>
<td>Industrial Estate</td>
<td>3</td>
<td>193</td>
<td>64.37</td>
</tr>
<tr>
<td>Construction</td>
<td>2</td>
<td>38</td>
<td>18.88</td>
</tr>
</tbody>
</table>

Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
$800 million or more have been approved. These include two mega-mines, the $997 million Letpadaung copper mine and the $856 million ferro-nickel Tagaungtaung mine, as well as the multi-billion dollar China-Myanmar oil and gas pipelines and a number of large dams in the Shan, Kachin and Kayin states. This, combined with a relatively small number of overall investments, has led to a significant increase in the average size of approved investments, to around $800 million in FY2010–11.

The recent boom in the extractive and power sectors contrasts starkly with approved investment in Myanmar in the 1990s. That decade saw an increase in the total value of investments, but also increases in the number of approved projects and their distribution

Figure 3
Approved Investments by Sector

Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
among a wide range of sectors. Between FY1995–96 and FY1997–98, Myanmar approved almost $1 billion of investment in real estate. In FY1996–97 alone it approved 29 investments in the manufacturing sector, totalling $923 million. Through the end of FY1999–2000, oil and gas received the greatest share of the $7.18 billion in investment approvals, pulling in 32.2 per cent, but many other sectors also received a significant proportion, including manufacturing at 20.9 per cent, hotels and tourism 14.7 per cent, real estate 13.9 per cent, and mining 7.3 per cent. Only the power sector did not receive any FDI approvals. The drop in investment after the AFC was felt across all sectors, but particularly in real estate and hotels and tourism. These sectors especially, which were important destinations for FDI, have received virtually no new investments since the turn of the century.

Actual investment tells much the same story as the approved figures. Since 1988, the extractive sectors (in ASEAN classification called mining and quarrying) have attracted the most actual inflows, around 68 per cent of Myanmar’s total. Hotels and tourism (in ASEAN classifications called trade and commerce) was the second largest, with 7.7 per cent. The manufacturing and power sectors ranked third and fourth, receiving $426 and $390 million respectively. In the 1990s, actual inflows were highest in the oil and gas sector, constituting just over 60 per cent of the total $3.66 billion which

<table>
<thead>
<tr>
<th>Investment Sector</th>
<th>Actual Investment, $US millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil, Gas, and Mining</td>
<td>5,782</td>
</tr>
<tr>
<td>Hotels and Tourism</td>
<td>650</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>426</td>
</tr>
<tr>
<td>Power</td>
<td>390</td>
</tr>
<tr>
<td>Construction and Transportation</td>
<td>161</td>
</tr>
<tr>
<td>Real Estate</td>
<td>142</td>
</tr>
<tr>
<td>Agriculture, Fisheries, and Forestry</td>
<td>47</td>
</tr>
<tr>
<td>Industrial Estate</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
</tr>
<tr>
<td>Unknown</td>
<td>844.3</td>
</tr>
</tbody>
</table>

Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
entered the country. Hotels and tourism brought in approximately 16.2 per cent, or $591 million, followed by manufacturing with $310 million, mining with $247 million and real estate at just under $100 million. From FY2000–01 onwards, actual investment in Myanmar has been dominated by the oil and gas, power, and mining sectors. Outside these sectors, actual investment was only $289 million (9 per cent), and most of that came in the first half of the decade. Since April 2005, the figure is only $39.9 million (1 per cent). Five sectors, transport, real estate, industrial estate, construction and other, did not attract any actual investment. These figures show that actual investment in Myanmar since FY2000–01 has risen because of the extractive and power sectors, while most
Comparing approved and actual investment reveals another interesting trend — investors in the extractive sector tend to complete a larger percentage of their approved investments than investors in sectors like manufacturing, for reasons to be explored in more depth later, including the scarcity of natural resources and comparative lack of linkages with the rest of the economy. In fact, the extractive sector has actual inflows greater than approved investments, possibly because of cost overruns or unapproved projects being implemented.

At the other end of the spectrum are sectors such as real estate and manufacturing, which saw less than 30 per cent of their approved investments fulfilled — likely due to the high risks perceived by investors in these sectors.

**Changing Source Country of Investment**

Much like the sectors of investments, in the last decade there have also been significant changes in the source of FDI into Myanmar. Based on CSO statistics for approved investment through July 2011, Thailand is the largest investor in Myanmar. However, more than half of Thailand’s investment is for the Tasang Dam which is being developed by China. If one were to account for the investment

---

**Table 3**

Percentage of Investment Fulfilled, by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power (without the Tasang Dam)</td>
<td>138.68%</td>
</tr>
<tr>
<td>Oil, Gas and Mining</td>
<td>114.84%</td>
</tr>
<tr>
<td>Hotels and Tourism</td>
<td>59.45%</td>
</tr>
<tr>
<td>Construction &amp; Transport</td>
<td>45.75%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>26.07%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>13.78%</td>
</tr>
<tr>
<td>Agriculture, Fisheries, and Forestry</td>
<td>12.98%</td>
</tr>
<tr>
<td>Industrial Estate</td>
<td>9.68%</td>
</tr>
<tr>
<td>Other</td>
<td>8.44%</td>
</tr>
<tr>
<td>Power (including Tasang Dam)</td>
<td>6.18%</td>
</tr>
</tbody>
</table>

*Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.*
in the Tasang Dam as Chinese then China would be the largest approved investor. Singapore has received the highest number of approved investments, with Thailand second and South Korea third. Average investment size is largest from China, Thailand, Hong Kong and France, all of which have approved investments in large-scale extractive or power projects.

Actual investment tells a much different story about the country’s largest investor, though its insightfulness is limited for two reasons. First, based strictly on the figures provided by the IMF, UNCTAD, and ASEAN, the largest country of origin through September 2009 was the United Kingdom. However, this figure includes British overseas tax havens such as the Cayman Islands, through which companies based worldwide funds. As such, it over-represents actual inflows from companies headquartered in the UK. Second, these figures do not capture any actual inflows after September 2009, due to a lack of data. This leaves nearly $800 million of actual investment from the remainder of FY2009–10 and all of FY2010–11 unallocated, though recent years would suggest that it is almost exclusively from Asian countries.

Table 4
Number, Size, and Average Size of Approved Investments, by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Number of Investments</th>
<th>Total Size of Investments, US$ millions</th>
<th>Average Size, US$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>62</td>
<td>10,368</td>
<td>167.22</td>
</tr>
<tr>
<td>China</td>
<td>32</td>
<td>9,602</td>
<td>300.07</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>37</td>
<td>5,970</td>
<td>161.35</td>
</tr>
<tr>
<td>Korea</td>
<td>46</td>
<td>2,933</td>
<td>63.76</td>
</tr>
<tr>
<td>Singapore</td>
<td>77</td>
<td>1,965</td>
<td>25.52</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>44</td>
<td>1,671</td>
<td>37.97</td>
</tr>
<tr>
<td>Malaysia</td>
<td>38</td>
<td>975</td>
<td>25.66</td>
</tr>
<tr>
<td>United States</td>
<td>16</td>
<td>582</td>
<td>36.37</td>
</tr>
<tr>
<td>France</td>
<td>3</td>
<td>471</td>
<td>156.95</td>
</tr>
<tr>
<td>Indonesia</td>
<td>12</td>
<td>241</td>
<td>20.11</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5</td>
<td>239</td>
<td>47.76</td>
</tr>
<tr>
<td>Japan</td>
<td>23</td>
<td>223</td>
<td>9.70</td>
</tr>
</tbody>
</table>

Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
The most important change in the source of investment is undoubtedly the rise of China, which has been especially pronounced in the latter half of the 2000s. Through the 1990s, actual investment from China amounted to a mere $8.5 million, only 0.23 per cent of all inflows. By the middle part of the 2000s, actual investment from China began to increase, peaking at $350 million in both FY2007–08 and 2008–09. It comprised almost 17 per cent of Myanmar’s actual FDI since FY2000–01, but 36 per cent in FY2007–08 and 60 per cent in FY2008–09. Approved investments show an even more striking rise, mostly because of approvals for Chinese investments in the extractive and power sectors in FY2010–11. Through FY2005–06, China had only $193.52 million in approved investments, but since the start of FY2006–07 approvals have risen to $9.41 billion.

Even these figures understate the full extent of China’s FDI in Myanmar, which often flows through third party territories, including Hong Kong, the Cayman Islands and the British Virgin Islands. According to a report from the US-China Economic and Security Review Commission, these three territories were the top destinations for China’s outward FDI, comprising an overwhelming 78.6 per cent of its total stock. Such transactions, including financing for the China-Myanmar oil and gas pipelines, have significantly increased Hong Kong’s approved investment figures in recent years, especially from 2009–11. China’s investment figures are also likely understated for other reasons, including the lack of recent actual investment data.

Table 5
Actual Investments in Myanmar, by Country of Origin

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Investment (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>1,410</td>
</tr>
<tr>
<td>France</td>
<td>1,178</td>
</tr>
<tr>
<td>Singapore</td>
<td>824</td>
</tr>
<tr>
<td>China</td>
<td>823</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>750</td>
</tr>
<tr>
<td>Thailand</td>
<td>679</td>
</tr>
<tr>
<td>Korea</td>
<td>658</td>
</tr>
<tr>
<td>United States</td>
<td>656</td>
</tr>
<tr>
<td>Japan</td>
<td>190</td>
</tr>
<tr>
<td>Netherlands</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
and significant informal investment. These distortions, as well as the continuing attribution of the Tasang Dam to Thailand, downplay the relative size of China’s FDI in Myanmar.

The growth of Chinese investment has unsurprisingly attracted attention, but has overshadowed other important trends including the drop in investment from Singapore and Japan, two of Myanmar’s most important traditional economic partners. Japan has long been the largest foreign aid donor to Myanmar, and was the country’s largest source of imports during the 1970s and 1980s. Actual investment from Japan, which totals $190 million since 1988, has diminished significantly since the turn of the century. Japan has invested only $32.38 million since the start of FY2000–01, and only $250,000 since FY2005–06. Japan has not had any new investment approvals since FY2004–05, though it has approximately $7 million in additional investment for existing projects. Japan has historically invested outside the extractive and power sectors — in fact from FY1999–2000 to FY2005–06, nearly 80 per cent of Japan’s actual investment in Myanmar was in manufacturing.

Like Japan, Singapore has also been an important economic partner of Myanmar. It is Myanmar’s fifth largest export destination and second largest source of imports in FY2010–11, and maintains a range of other significant ties with the country, especially in banking and tourism. During the 1990s Singapore was a major diversified investor in Myanmar — in FY1996–97 alone, it had approved investments worth $603 million. Along with the Yadana and Yetagun gas projects, it was one of the most important drivers behind the increase in actual investment in the late 1990s. Since the turn of the century however, FDI from Singapore has collapsed. From FY2000–01 to FY2005–06, Singapore received approval for only two new investments for a total of $43 million, and had only five additional approvals through July 2011. Singapore, like Japan, was a diversified investor. From FY1999–2000 to FY2005–06, the years in which disaggregated actual data is available, Singapore invested $164 million in Myanmar, with 35 per cent in real estate, 34 per cent in services, 12 per cent in mining, 9 per cent in trade and commerce and 10 per cent in all other sectors, mostly manufacturing, a relatively diverse spread.

Thailand was, along with Singapore, another major driver behind the increase in FDI in the 1990s. During that decade Thailand had 48 approved investments for a total of $1.27 billion, and actual investments of $222 million. Yet in the first half of the 2000s, both
actual and approved investments dropped significantly, rebounding only with the Tasang Dam commitment of FY2005–06. Thai investors have since committed to almost $3 billion of projects in Myanmar, including the Zawtika gas fields and the Dawei Port project, yet the total number of Thai investments remains small.

As a whole, the number of approved investments from Southeast Asia has dropped significantly, to just 18 since FY2005–06. Of these, only six have been outside the extractive and power sectors: two in manufacturing for a total of $21.22 million, one each from Singapore and Thailand, two in hotels and tourism from Thailand for $30.25 million, and two in agriculture from Malaysia for $76.75 million. This is down significantly from the 94 approved investments Myanmar received from Southeast Asian states from FY1995–96 to FY1999–2000. No Southeast Asian country has committed to investments in construction, fishing, industrial estates, real estate or transport over the last five years. Over the same time, investors from Southeast Asia have committed to ten projects worth $3549.5 million in the oil and gas sector, mostly from Thailand, but also Singapore and Malaysia, and one investment of $5 million in the mining sector. Approved investment from Southeast Asia outside of the extractive and power sectors constitutes just 3.6 per cent of its total approved investments by size since the start of FY2006–07.

While investment from many other countries has risen and fallen, FDI from India seems to have never started. From 1988 until March 2009, actual FDI from India totalled only $200,000, much smaller than the $175 million of investment approvals. Comparing the approved figure with that of China shows that its FDI falls short by an order of magnitude. India seems to be ramping up its investment through the commencement of the Kaladan multi-modal transportation project, its flagship project in Myanmar, but on the whole Indian investors have been largely absent in the country.

A last but important trend in the source of FDI is the drop in investment from Western countries. The United States enacted investment sanctions in 1997, bringing a halt to new approved investments, though actual investment continued through FY2002–03, likely linked to Unocal’s (now Chevron’s) stake in the Yadana project. Most other Western countries have enacted bans on investment in certain sectors but have, however, stopped short of a full scale prohibition. Actual inflows from the European Union (EU) have slowed, though they have not dried up completely. France remains a major investor, in fact the second largest actual investor from April
Foreign Investment in Myanmar

2005 to September 2009, with over $434 million in actual inflows. Nonetheless most Western investors have avoided the country, with the exception of four small investments — totalling around $5 million — from Canada, Switzerland and Germany, as well as approximately $213 million in investments from the UK. These, however, are likely from British overseas territories. Compared with the 1990s, there has been a decrease in both the number of EU countries investing and the frequency of their investment. Four EU countries that invested in the 1990s, Austria, Denmark, France, and the Netherlands, have not made any new commitments in the last ten years. Outside of one investment from Germany in FY2006–07, investment from Europe has been almost exclusively focused on the extractive sectors.

Source: Jared Bissinger, Approved and Actual Foreign Direct Investment in Myanmar by Sector and Source, unpublished dataset.
**International Comparison**

The concentration of approved investment from a small range of countries in a few economic sectors is especially evident in comparison with Myanmar’s neighbours, Laos and Vietnam. Since 2005, Myanmar has approved investment from 13 countries, whereas Laos has approved investments from 36 and Vietnam from 54. Laos has approved 904 projects, almost 15 times as many as Myanmar, despite having approved investments of $11.01 billion compared to $28.28 billion for Myanmar. Vietnam has approved six times the total amount of investment, a total of $154.91 billion, but has over 100 times as many individual projects — a total of 7,107. While part of this discrepancy arises from the different regulations about the size of investment that need approval (for example, in Myanmar the figure is $500,000 whereas in Laos it is $100,000), there are nonetheless significant differences between these neighbours in the number of approved projects and the range of countries from which they come.

This comparison has important insights concerning the effect of Western sanctions. While both Laos and Vietnam attracted a significant amount of investment from countries that have some sanctions on Myanmar, these investments are only a small proportion of the total number of projects approved. Since 2005, Laos has attracted 123 investments from countries that sanction Myanmar, about 13 per cent of its total, with the remaining 781 investments coming mostly from Asia. Vietnam has attracted 1,276 investments from sanctioning

---

**Table 6**

Comparison of the Size, Number, and Sources of FDI Approvals

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Size of FDI Approvals (US$ billion)</td>
<td>28.28</td>
<td>154.91</td>
<td>11.01</td>
</tr>
<tr>
<td>Number of Projects</td>
<td>61</td>
<td>7,107</td>
<td>904</td>
</tr>
<tr>
<td>Number of countries</td>
<td>13</td>
<td>54</td>
<td>36</td>
</tr>
</tbody>
</table>

Foreign Investment in Myanmar

countries, about 18 per cent of its total. Yet over 5,800 projects, or 82 per cent of its total since 2005, came from countries that have no sanctions on Myanmar. Over the same time, Myanmar attracted only 61 total investments. This suggests that investment decisions are shaped more by factors affecting all countries, such as the business climate or trade and financial sanctions, than sanctions specifically prohibiting investment.

While both Vietnam and Laos have attracted investment in power and extractive industries, the concentration of investment in these sectors has not been nearly as significant as in Myanmar. Since the start of FY2005–06, 99.1 per cent of Myanmar’s investment came in the extractive and power sectors, compared to 62.3 per cent in Laos and only 8.4 per cent in Vietnam. Investment in Laos and especially Vietnam is diversified across a much broader range of sectors. For example, 15.7 per cent of investment in Laos during FY2005–10 went to the services sector, while Vietnam attracted the most investment in real estate and manufacturing. Investment approvals for Myanmar are noticeably absent in a range of sectors in which both Vietnam and Laos receive sizable investment.

Table 7
Comparison of FDI Approvals by Sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry &amp; Fisheries</td>
<td>0.5%</td>
<td>0.5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Oil, Gas, and Mining</td>
<td>47.7%</td>
<td>5.9%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Electricity / Hydropower</td>
<td>51.4%</td>
<td>2.5%</td>
<td>36.8%</td>
</tr>
<tr>
<td>Hotels and Tourism</td>
<td>0.1%</td>
<td>9.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Services</td>
<td>—</td>
<td>5.3%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.3%</td>
<td>41.3%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>—</td>
<td>32.3%</td>
<td>**</td>
</tr>
<tr>
<td>Construction</td>
<td>—</td>
<td>3.00%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>0.2%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Explaining Myanmar’s FDI Patterns

The Business Environment

Though geopolitics and sanctions play an important role in Myanmar’s investment landscape, the most important determinant is more fundamental: investing in most sectors in Myanmar has not been profitable. This is evident from both anecdotal evidence of those close to the country’s business community, and from the numbers on Myanmar’s FDI. The most recent US Commercial Service Country Commercial Guide for Myanmar states this bluntly, noting “the poor business climate is the primary impediment to foreign direct investment”. It lists a number of challenges, including corruption, arbitrary policy-making, lack of independent judiciary, electricity shortages, tight import and export controls and a complicated foreign exchange regime. The challenge these present is exacerbated by Western sanctions that limit access to markets and the international financial system, further eroding the investment environment.

A 2010 conference report by the Singapore Institute of International Affairs noted similar difficulties, arguing that the “climate for trade and investment in Myanmar is poor”. According to conference participants, companies doing business in Myanmar “report ‘mixed’ results at best and ‘disappointing’ outcomes at worst”. They described the outlook as “grim”, and stated that few investors wanted to do business there. This conclusion echoes statements, also cited in the report, by Singapore’s former Minister for Foreign Affairs George Yeo, who in 2007 said, “generally speaking, our businessmen are not doing well in Myanmar and many regret having invested there”. In one prominent case in the late 1990s the government of Myanmar expropriated Mandalay Beer from foreign investors, including a Singapore based Myanmarese owned company. After the foreign investors provided information about the incident to the foreign media, Myanmar’s government sued them, claiming the information was false and was scaring away overseas investors.

Most international business environment indexes place Myanmar near the bottom of their rankings. The Heritage Foundation and Wall Street Journal’s 2011 Index of Economic Freedom ranked Myanmar 174 out of 179 economies in the world, putting it decisively in the “repressive” category. Institutional Investor’s Country Credit rating put Myanmar at 175 out of 178, down five spots from the previous year. Both the World Bank’s Regulatory Quality Index and the Control of Corruption indicator rank Myanmar at 200 out 202 assessed economies. The World Bank’s Worldwide Governance
Indicators rank Myanmar in the bottom percentile worldwide for control of corruption, regulatory quality and voice and accountability. Government effectiveness was in the third percentile and rule of law the fourth, with only political stability outside the bottom decile. Some indexes, notably the World Bank’s “Doing Business” rankings and the Economist Intelligence Unit’s “Business Environment Index”, do not even assess Myanmar.

Data on FDI in Myanmar reinforces the anecdotal evidence, as the few sectors that continue to attract investment in Myanmar all share an important characteristic that explains why they have thrived. As James Walsh and Jiangyan Yu argued in a 2010 working paper for the IMF, these primary sector investments are often “enclave investments”, and have “little connection to the broader macro economy”. When regressed against a wide range of macroeconomic variables, including infrastructure quality, financial depth, judicial independence, legal system efficiency, and school enrolment rates, primary sector FDI was not influenced in a statistically significant way by any of them. Instead, primary sector investments require resources (such as natural gas or river valleys) that are “globally scarce and geographically concentrated”. Investors have limited choice over where to locate, relegating the country’s investment climate to a secondary concern when investment decisions are made. The sectors failing to attract FDI, such as manufacturing and services, are often internationally competitive and mobile.

The effects of a poor investment climate on FDI are only exasperated in conflict areas, which are not uncommon in Myanmar’s resource rich periphery. When compared with human capital and liquidities, physical assets — of which primary sector firms have many — are more easily injured during conflict. More than primary sector firms, however, it is capital-intensive manufacturers who are most unlikely to invest in the country because of the risk of having to relocate due to conflict. Manufacturers tend to see conflict as more threatening to their business than either primary producers or service industries, and are therefore prone to avoid areas with greater risk of conflict. Service sector firms generally have low levels of physical capital, inputs, and outputs, and therefore “perceive a relatively low threat from political violence”.

While investment decisions are influenced by the existing business climate, firms can also shape the environment in which they operate. In Myanmar, resource firms comprise an abnormally large proportion of the business community. Yet these industries (specifically infrastructure and extraction), because they make
significant up-front investments in immobile infrastructure, are “among the most widely accused of bribery and corruption”, according to Transparency International’s 2008 Bribe Payers Index. \(^{38}\) Large up-front investments often take decades to become profitable, changing the payoffs of bribery. Among the industries least likely to bribe are light manufacturing, information technology, fisheries, and banking and finance. \(^{39}\) Further, highly corrupt countries tend to attract less FDI from OECD countries (who have signed the convention on bribery), while attracting more FDI from countries with high levels of corruption. \(^{40}\) The plethora of resource firms already in Myanmar may create some “inertia” behind corruption, making it more difficult for investors in other sectors.

**China and India**

While the poor investment climate is the biggest reason for the dearth of investment outside of the extractive sectors, it does not explain the preponderance of FDI from China and the lack of investment from Myanmar’s other resource hungry neighbour, India. Part of the explanation is that, at least in the 1990s, India was not a large foreign investor anywhere. Over the entire decade, India had only $710 million in outward FDI, 0.013 per cent of the world’s total, due partly to foreign exchange restrictions for FDI. \(^{41}\) Firms that did invest overseas often did so in open economies to avoid the bureaucratic entanglements common in India, and in economies with prosperous Indian diasporas. Despite India’s deep historical connections, the modern Indian business class in Myanmar is small. In 2005, India’s outward FDI started to increase substantially — to nearly $15 billion a year. Yet since 2004 the majority of this — about 80 per cent — has been for acquisitions and not the greenfield projects that dominate in Myanmar. \(^{42}\) While Myanmar has potential for future investments by India, in sectors such as telecommunications and oil and gas, it exhibits few of the characteristics of typical Indian outward FDI destinations.

Though China was not one of the largest foreign investors in the 1990s, its outward FDI of $23.2 billion was significantly more than India’s. According to Rosen and Hanemann, China has traditionally invested in “resource extraction in developing countries”, a description fitting for neighbouring and resource rich Myanmar. \(^{43}\) A significant proportion of China’s investments still focuses on the extractive industries, with one in five Chinese companies reporting that the “natural resources of target countries” were a “decisive” factor in their investment decision. \(^{44}\) This ranked behind only the market potential of
Foreign Investment in Myanmar

target countries, decisive for 37 per cent of investors, and the incentives provided by China’s “Going Global” strategy, which was the key for 25 per cent of investors. The same number of respondents — one in five — indicated that their major reason for future overseas investment was to supply their home market with energy, raw materials and natural resources. Unlike India, where 80 per cent of outward investments are mergers and acquisitions, the majority of Chinese investors — 51 per cent — prefer greenfield projects, with only 15 per cent preferring mergers and acquisitions.

China’s rapidly increasing consumption of energy and raw materials, which has in the last decade grown far more than India’s, motivates much of China’s investments in Myanmar. To meet growing demand and peaking domestic oil production, China’s government instituted a “go out” strategy for oil companies, including investment incentives. This has led China’s national oil companies to become major investors in oil and gas fields worldwide. As well as a source of energy, Myanmar also presents a solution to another of China’s energy security challenges — the so-called Malacca dilemma. Approximately 80 per cent of China’s imported oil passes through this strategic chokepoint, a challenge recognized by China’s highest leadership.

Myanmar provides access to a second ocean and a new transportation corridor for energy, yet initial projects will provide only incremental energy security benefits. The oil pipeline, which is scheduled to begin operations in 2013, can carry 400,000 barrels per day, only 5.8 per cent of China’s projected oil imports for that year. The gas pipeline, with a capacity of 420 billion cubic feet per day, can carry a considerably larger 32 per cent of China’s daily projected gas imports.

China’s FDI in Myanmar has caused much speculation about Beijing’s hefty influence on Naypyidaw, yet when compared with other countries in Southeast Asia, Central Asia, and Oceania, Chinese investment in Myanmar has not grown at an outstanding rate. China passed Thailand in 2009 to become the top investor in Laos, and was the number one investor in Cambodia that same year. It is developing mines in Mongolia, dams in Laos, pipelines to Turkmenistan, oil fields in Sudan, and soybean plantations in South America. China’s investment in Myanmar does not in itself evidence a special relationship between the two, especially in light of the growth in Chinese FDI elsewhere.

The decision by Myanmar’s government in September 2011 to suspend construction on the China-funded Myitsone Dam provides further evidence of the limits of Chinese influence in Myanmar. A 2009 ICG report argued that Naypyidaw held a “profound distrust” and “deep resentment” of China, and was weary of Chinese domination.
of Myanmar's economy. There are also anecdotal reports of strong grassroots anti-Chinese sentiment in Myanmar. Yet Beijing presents an extremely important economic partner, and this affords Chinese companies at least some commercial advantages. For example, it was reported that upon urging from Beijing, Naypyidaw pressured Daewoo to sell gas from the Shwe fields to China, despite an earlier MOU and a higher offer from India. Sources in Yangon indicate that Indian officials and companies generally have “more difficulty” than their Chinese counterparts in dealing with Myanmar’s bureaucratic hurdles. Presently, New Delhi seems to be far from a counterweight to China’s economic influence in Myanmar.

**FDI and Economic Development in Myanmar**

What does all of this mean for economic development in Myanmar? FDI can play a fundamental role in driving development, as China shows, yet there are major differences between the FDI that China attracted and that which Myanmar has attracted. China brought in low skilled, labour intensive manufacturers for the export market, whereas Myanmar’s investments have targeted the extractive and power sectors which do not directly create large numbers of jobs. Myanmar’s Yadana project, for example, required investment of over $1 billion, yet employs only 800 workers. Myanmar’s FDI is not without benefits, including the increase in revenues which could fund significant infrastructure and human capital development, as well as improvements in education and health. Besides foreign exchange, resource and power projects also give the country access to a portion of the production, normally 10 to 15 per cent as payment in-kind, which could boost Myanmar’s power sector.

Yet resource-funded development often fails to materialize, even in countries stridently committed to development. This phenomenon, dubbed the resource curse, results from the new incentives for corrupt and rent-seeking behaviour in resource-rich countries. Resources alter the payoff of holding power, and revenues can be especially valuable because of their size and structure. They are easy to capture because the volume of resource extraction can often be reliably measured, the revenues are contractually agreed and easy to determine, and the failure to pay could result in government retribution, including expropriation. Revenues from sectors such as tourism and light manufacturing are smaller and more difficult to capture. Producers are more numerous and geographically dispersed, and less sensitive to threats of extortion because of smaller up-front investments. Accurate information for
calculating taxes is more difficult and costly to gather, and the funds themselves can be challenging and costly to collect. These differences in government revenue raising are directly tied to the increased payoffs of power in resource-rich countries. Resource dependent countries can also fall victim to the “Dutch disease”, where the currency appreciates and negatively impacts the competitiveness of other internationally tradable sectors such as manufacturing. The negative effects of the resource curse have led some economists to argue that FDI in particular sectors retards economy-wide growth, and has more than just isolated negative impacts. Laura Alfaro of Harvard asserted this in a 2003 paper, arguing that primary sector FDI has “a negative effect on growth, whereas FDI inflows in the manufacturing sector a positive one” while services were ambiguous.

The developmental impacts of economic sectors are not homogeneous or static — they can change over time, with new laws or changing business practices. For example, the extractive industry transparency law, which was recently passed by the US Congress, could help mitigate the negative impacts of the extractive sector by increasing public information about payments. Conversely, FDI for farmland acquisition and leases in developing countries has increased precipitously, often with negative consequences, eroding the average benefit of FDI in agriculture.

**Conclusion**

Myanmar’s recent FDI is, in both structure and source, significantly different from both its neighbours and the country’s historical trend. FDI is concentrated in the extractive and power sectors, while foreign investment in manufacturing, real estate, hotels and tourism and other internationally mobile sectors have fallen off significantly in the last decade in both share and real terms. China and Thailand are at the forefront of the recent boom, and together with Hong Kong are responsible for most of the approvals in the last five years. Singapore, once a major investor, is largely absent, as is Japan, while India’s investment has been very small. The EU and the US have also seen declines in the size of investments, with the majority of their remaining inflows concentrated in the extractive sector. Though the total amount of FDI in Myanmar has increased, the absence of diversification indicates that significant internal reforms are needed. The low overall number of investments, and especially in risk-sensitive industries like manufacturing, contradicts the argument that Western investment has only been displaced by investment for Asia. Instead, the concurrent drop suggests it is the
result of something affecting all investors, the poor business climate, high political risk, or the unprofitability of operating in Myanmar.\footnote{For example, see Business Week, “China tops Thailand as biggest investor in Myanmar”, 21 February 2011, <http://www.businessweek.com/ap/financialnews/D9LH8K880.htm>.}

With the new government taking significant steps to liberalize the political and economic climate, Myanmar seems to be taking advantage of a rare opportunity to reshape investor perceptions. To this end they have hosted numerous foreign government officials and industry trips in 2011, including an Austrian business delegation and a visit by twenty-four European companies.\footnote{Jared Bissinger, “Approved and Actual Foreign Direct Investment in Myanmar, by sector and source”, unpublished dataset. The data for this dataset was compiled from numerous sources, covering the years 1988–2011. It is disaggregated by country or sector, and for some years by both (approved investments disaggregated from 2005 onwards, actual data disaggregated from 1995–2001). Sources: ASEAN-Japan Centre, “FDI to Myanmar”, <http://www.asean.or.jp/en/asean/know/statistics/5.html>; Association of Southeast Asian Nations, ASEAN Statistical Yearbook 2003 (Jakarta: ASEAN Secretariat, 2003), <http://www.aseansec.org/pdf/ASEAN_statistical2003.pdf>; Association of Southeast Asian Nations, ASEAN Statistical Yearbook 2008 (Jakarta: ASEAN Secretariat, July 2009), <http://www.aseansec.org/publications/aseanstats08.pdf>; Association of Southeast Asian Nations, Statistics on Foreign Direct Investment in ASEAN: Sixth Edition, 2004 (Jakarta: ASEAN Secretariat, 2004), <http://www.aseansec.org/18177.htm>; Association of Southeast Asian Nations, Statistics on Foreign Direct Investment in ASEAN: Eighth Edition, 2006 (Jakarta: ASEAN Secretariat, November 2006), <http://www.aseansec.org/5187-1.pdf>; International Monetary Fund, “Myanmar: Statistical Appendix”, (Washington: International Monetary Fund, January 2001), <http://www.imf.org/external/pubs/ft/scr/2001/cr0118.pdf>; International Monetary Fund, Myanmar: Recent Economic Developments (Washington: International Monetary Fund, November 1999), <http://www.imf.org/>} New investments would still entail risks but will be essential in rebalancing Myanmar's FDI to include labour-intensive and internationally competitive sectors. While convincing investors of changes could attract more investment in the short to medium run, real improvements in the business climate, the exchange rate regime, and political risk are essential to sustainably attract multi-sectoral FDI in the long run. Indeed the return of such investment in the medium to long run will be an important sign of the depth and vitality of these reforms. Properly managed reforms that attract economy-wide FDI, combined with an emphasis on improved resource revenue management could help Myanmar better translate FDI into broad-based economic development.
The figures for approved investment in Myanmar are for FY2010–11, which is April 2010–March 2011, while figures for Vietnam are for FY2010, from January–December 2010.


Another potential explanation is that the approved numbers could be subject to manipulation as the government has an incentive to overstate investment commitments, thereby making it appear to be a more attractive investment destination.

The MIC may be subject to political pressures to enhance FDI figures, showing Myanmar as a more attractive FDI destination than was the case. This, however, is
no different from other types of data in Myanmar, such as agricultural production, and does not mean that the advantage of a single data source can be discarded.


13 If constructed, the Tasang Dam would rank as the world’s 5th largest dam by installed megawatt capacity.


15 Through July 2011

16 “Other” is a classification used by Myanmar’s CSO for all investment that does not fall into any other sector.


18 Unknown investments fall after September 2009, for which public data is not available. There is approximately $844 million of actual investment from FY2009–10 and FY2010–11, constituting about 10 per cent of the country’s total actual investment.

19 The percentage fulfilled is calculated using approved and actual investment figures from FY1988–89 to FY2009–10. The approved figures for FY2010–11 have been excluded as no comparable actual figures are available for comparison. Note that the actual investment figures for 2009–10 run through September 2009 only.

20 Through July 2011

21 Through September 2009


24 FY2010 data for Laos is for part year, through the end of March.

25 In Laos, real estate is not a sector for which foreign investment is classified. Also, figures for Vietnam exclude the sectoral averages from FY2007, which are not available through Vietnam’s General Statistics Office or Foreign Investment Promotion Agency.


28 Ibid.
Ibid.

Maung Maung Oo, “More Trouble Brewing for Mandalay Beer”, *The Irrawaddy* 9, no. 9 (December 2001).


Ibid.

Ibid., p. 148.


Ibid., p. 8.


For details of Myitsone episode see Ian Storey, “Burma and China: The beginning of the end of business as usual?”, China Brief 11, Issue 22 (30 November 2011), <http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=38718&tx_ttnews%5BbackPid%5D=517>.


Author interview with Yangon based research, 20 October 2011.


The importance of political risk was evidenced by a recent World Bank survey in which over 50 per cent of respondents indicated that political risk was the greatest constraint on investment in emerging markets over the next three years. See Multilateral Investment Guarantee Agency, “World Investment and Political Risk 2009”, p. 7, <http://www.miga.org/documents/flagship09ebook_forewordexecsummary.pdf>. Rumours of the unprofitability of joint ventures comes from confidential information disclosed to Burma Economic Watch, Macquarie University.