



Growing Through Manufacturing: Myanmar's Industrial Transformation



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ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

Working Paper

NO. 145 | JULY 2014

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Please cite this paper as: Abe, Masato (2014). Growing Through Manufacturing: Myanmar's Industrial Transformation.

ARTNeT Working Paper Series No. 145, July 2014, Bangkok, ESCAP.

Available at www.artnetontrade.org.

* This study was prepared by Masato Abe, Economic Affairs Officer, Business and Development Section, Trade and Investment Division, UNESCAP, as a background study for OECD's Multi-dimensional Review of Myanmar VOLUME 2. Naylin Oo contributed to the study with his expert knowledge and insights. Gordon Israel and David Abonyi provided useful research assistance to the study. The author also appreciates the valuable inputs provided by Margit Molnar, Martha Baxter and Derek Carnegie as well as by the survey team members of the Union of Myanmar Federation of Chambers of Commerce and Industry. The Survey on Businesses in Myanmar 2014 was conducted with financial supports made by the Government of Japan, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Swiss Agency for Development and Cooperation (SDC), The Asia Foundation and the United Nations Industrial Development Organization (UNIDO). Author acknowledges valuable comments of an anonymous peer reviewer and technical support of ARTNeT Secretariat in a production of this working paper. Any remaining errors are the responsibility of the author who can be contacted at abe@un.org.

Abstract: Recent reforms in Myanmar have already shown some positive impacts on the manufacturing sector, which must play a key role in the industrial transformation, including increased investment flows domestically and internationally and the development of fundamental infrastructure for the sector. Government promotion of the development of industrial zones and special economic zones is one of the main development activities for further trade and investment promotion in the manufacturing sector. Also presented are the results of the recently completed country-wide business survey with over 1000 manufacturers in Myanmar, particularly concerning the business climate in the manufacturing sector and the crucial issues for the development of the sector

JEL classification: O14, O20, O53

Keywords: Foreign direct investment, industrialization, development policy, Myanmar

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Introduction

The transformation from an agrarian to an industrial nation is one of the crucial development goals that many developing countries have aimed for. Such an economic transformation must be attained through the enhancement of access to markets and resources as well as the improvement of the productivity of the manufacturing sector, combined with the development or adoption of new technologies. The Government of Myanmar has been undergoing a process of political and economic reform since 2011 and has also been particularly focused on developing its still-nascent manufacturing sector, following the export- and foreign direct investment (FDI)-led development strategy which a number of Myanmar's neighbours have undertaken in the past decades.

The recent reforms in Myanmar have already shown some positive impacts on the manufacturing sector, which must play a key role in the industrial transformation, including increased investment flows domestically and internationally and the development of fundamental infrastructure for the sector. The Government of Myanmar has also implemented new investment laws and made plans to develop other key legal frameworks such as SME and industry laws and intellectual property laws. Additionally, the Government is promoting the development of industrial zones and special economic zones as one of the main development activities for further trade and investment promotion in the manufacturing sector.

Against this background, this study reviews the present status and challenges of industrialization in Myanmar, focusing on the ongoing development of its manufacturing sector. First, this study presents the key factors driving the growth of manufacturers. Then, the present status of the Myanmar's manufacturers and the industrialization strategies of a country are investigated. This study pays particular attention to reviewing the development of

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