

# The Study of ASEAN Business Attractiveness with a Case Study of Myanmar

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**Abstract:** This study was conducted to find out especially how the changing times both politically and economically are affecting Myanmar's total attractiveness, what kind of assets are seen to be most important for future success, and what improvements are needed to reach the objectives. The objective is to conduct a profound study and assess a number of different factors on many different point of views to define the current conditions of Myanmar's economic environment. Also, the impact of development in Association of Southeast Asian Nations organization (ASEAN) is examined and the possible impacts the improvements are having on Myanmar.

From the findings that were made, it is possible to claim the next years in Myanmar are critical indeed to predict the future. The biggest issues are for instance how long does the transition towards transparent, peaceful democratic nation take. The legal environment needs to be updated, infrastructure built up and stability in banking and finance sector to be set up.

Practical tips for the businesses that consider investing in Myanmar consists of three main points: do a profound research on the market with assessment of demand, capacity, supporting industries and competitors; find a trustworthy local partner which shares the same interests with you and; lastly, have an excessive amount of patience if the things are going sideways in the beginning. Most of the foreign companies operating there now are huge global players with deep pockets and thus, probably difficult to challenge. Myanmar seems highly potential destination, but a lot of progress is needed to reach the same level than its competitors in Southeast Asia.

**Keywords:** ASEAN, Myanmar, Business attractiveness, FDI.

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## I. INTRODUCTION

This study gets acquainted with the current state of Association of Southeast Asian Nations organization (ASEAN), accomplish a research about how attractive the business region is presently and in the future. A case study concentrating on Republic of The Union of Myanmar is performed to show the late development of the nation in terms of business attractiveness.

One of the major outcome would likely be that how ASEAN Economic Community and political changes on the member countries, especially Myanmar, would pay off in terms of it's development in infrastructure, social structure and how tempting is it seen on business leaders eyes for Foreign Direct Investments (FDI) or other forms of handling International Business. The report is going to dig into all aspects of Myanmar's market attractiveness (market growth and size, variability of demand, industry profitability and strength of competitors, opportunities of growing on global scale, and macro environmental factors.)

Finally, the author will try to forecast and suggest some aspects that could or could not be reached in the nearby future, by the whole community and by Myanmar. These measures will extend into International Economies - business that is taking place all around the globe, defining the role of ASEAN, and how it affects other major traders, including U.S, EU, China and India, and some of the other emerging economies.

## II. LITERATURE REVIEW

### A. Theory and Related Researches:

Some of the theoretical frames were used to accomplish the study, namely Michael E. Porter's Diamond model, David Parmenter's Key Performance Indicators and PESTLE analysis. These tools are few examples when analyzing the market attractiveness or comparing nations with each other.

The researches that are used in this paper include internationally trusted organizations reports and statistics. Worldwide organizations include for instance The World Bank, World Economic Forum, Asian Development Bank, ASEAN Secretariat, World Trade Organization, United Nations Conference on Trade and Development (UNCTAD), The European Union publications concerning the topic and Forbes. Furthermore, some consulting companies have been studying both ASEAN and Myanmar giving very detailed reports available on their websites. These companies include PriceWaterhouse Coopers, Polastri Wint & Partners and J.P Morgan.

### B. ASEAN Business Attractiveness & Obstacles for Business:

United Nations Conference on Trade and Development points out in their comprehensive report of ASEAN Investment Report 2015 - Infrastructure Investment and Connectivity (UNCTAD, 2015) that the FDI inflows ASEAN got as a whole union in 2014, exceeded the amount of corresponding numbers of China, making ASEAN the largest recipient in the world, among developing countries. The report clears out what is behind this significant rise, naming several factors.

One of the main reasons they see, were the improvements in the regions investment environment, bringing more regional and national favourable measures into it. Before these advancements were able to take place, some fundamental background was needed. These included the cost advantages and market factors, highly driven by the regional integration agreements encouraging investors from top five investment regions (EU, Intra-ASEAN, Japan, U.S and China) to contribute with the same high level than in the past. Figure 1. below demonstrates clearly the facts pointed out by this report.

2013		2014	
Economy	Amount	Economy	Amount
European Union	22,255.7	European Union	29,268.5
Japan	21,766.1	ASEAN	24,377.4
ASEAN	19,399.6	Japan	13,381.1
China	6,778.5	United States	13,042.0
Hong Kong (China)	5,230.2	Hong Kong (China)	9,504.9
<b>Total top 5</b>	<b>\$75,430.1</b>	<b>Total top 5</b>	<b>\$89,574.9</b>
Top 5 share of total FDI flows in ASEAN	64%	Top 5 share of total FDI flows in ASEAN	66%

2013		2014	
Industry	Amount	Industry	Amount
Manufacturing	33,342.1	Finance	43,052.2
Finance	28,263.7	Manufacturing	22,215.3
Wholesale & retail trade	13,946.6	Wholesale & retail trade	17,055.2
Real estate	9,821.5	Real estate	10,040.0
Extractive activities (mining & quarrying)	8,042.2	Extractive activities (mining & quarrying)	7,295.1
<b>Total top 5</b>	<b>\$93,416.1</b>	<b>Total top 5</b>	<b>\$99,657.9</b>
Top 5 share of total FDI flows in ASEAN	79%	Top 5 share of total FDI flows in ASEAN	73%

Figure 1. The top 5 investors and top 5 Industry Recipients in ASEAN, 2014. (UNCTAD, 2015)

World Economic Forum published in their Global Competitiveness Report (WEForum, 2015) a comparison from the global economies, what factors they consider as obstacles for doing business. Not very surprising, major objects for ASEAN were the level of corruption, access to finance, lack of infrastructure and inadequately educated workforce. All these aspects are, though, being recognized by the ASEAN summit and targeted as objectives in its policy.

The comparison between some other economies can be seen in Figure 2. As the pie chart illustrates, some level of consistency can be noticed between different economies: developing countries have quite distinguished obstacles compared to developed countries. For instance, European Union and United States, as developed economies, are mainly struggling with taxation obstacles, red tape (as of bureaucracy) and labour regulations, meanwhile developing countries are considered to have issues with poor level of infrastructure, high corruption rates and problems with getting hands into financial assets. Due to lower level of education, it is also more difficult to find educated professionals to fill in the key positions. (WEForum, 2015.)

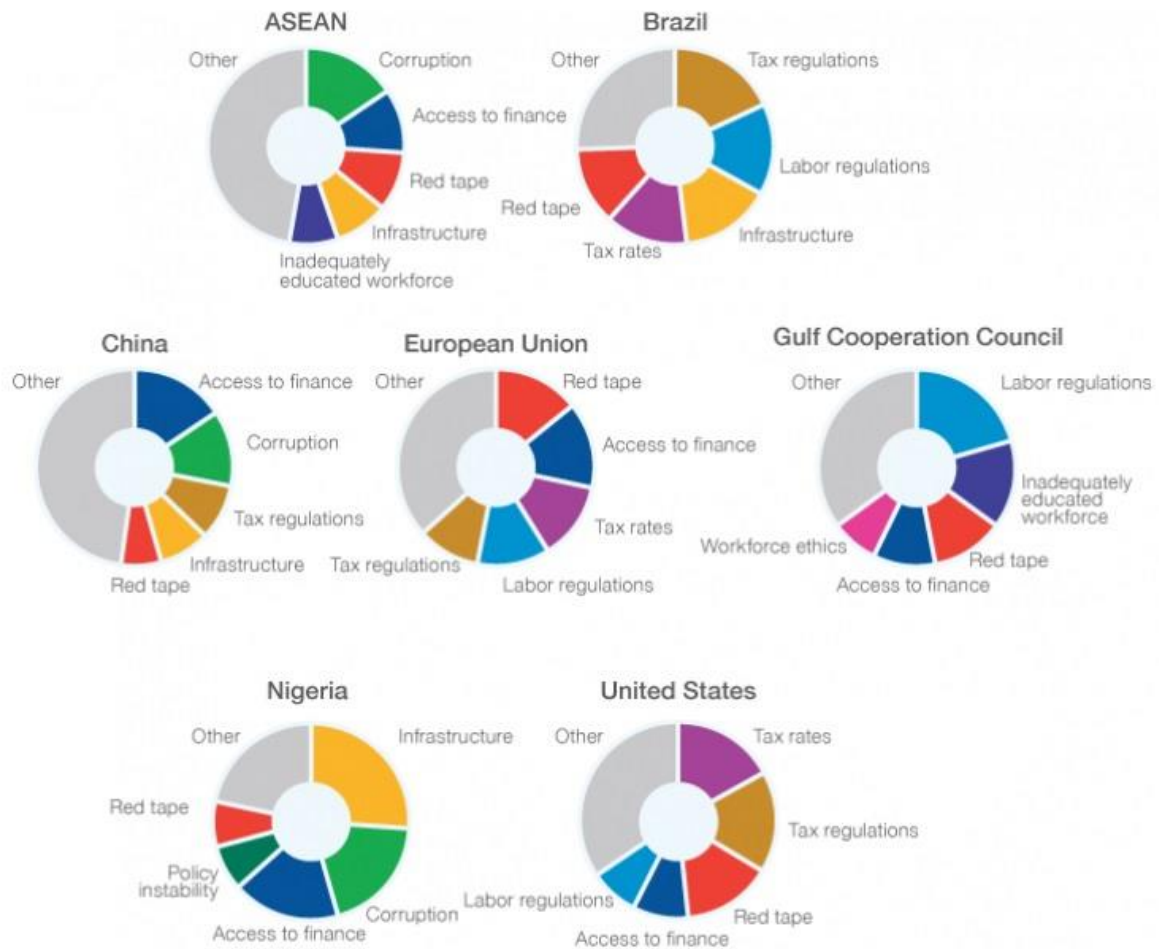


Figure 2. Most Problematic Factors for Doing Business in 2014-2015. (WEForum, 2015)

### C. An Overview of Myanmar:

To summarize the potential what Myanmar is possessing, some very interesting facts are available and being ready for inspection. These factors adding up the overall attractiveness are as follows;

1. Location. Myanmar is right in the middle of three big markets: China, India and ASEAN.
2. Population. Myanmar's economy is also huge consisting of 55 million people. Furthermore, the population is considerably young, as 65% of the whole population is at working age
3. Natural resources. Myanmar possess plenty of minerals, gas, gold and other precious metals, oil to name few
4. Young consumer market. Like mentioned already, more than half of the population is at working age and thus able to consume more products as they are having a daily income.

Myanmar also possess a huge potential in the following aspects;

1. Agriculture and manufacturing. Huge area with favourable landmass and a coastline of 1,930 kilometres makes it possible for exporting of both manufactured and agricultural goods.

2. Tourism. Beaches, landscape, culture and historical heritage should be able to draw tourism in future
3. Investments in infrastructure. Infrastructure in Myanmar is still lagging and for example the whole country is still not accessible for electricity.
4. Growth in Financial Services. Yet a small sector now, this could become the cornerstone for the whole economic development (Myanmar Investments, 2016.)

### III. METHODOLOGY

#### A. PESTLE analysis:

Managing an external environment analysis like this study, a few different models could be used appropriately. PESTLE analysis is one of them and it is decided to be used as one part for estimating the business attractiveness in ASEAN. PESTLE analysis is able to help you in understanding the bigger picture as well as to find out the opportunities and possible threats. (Consultants Online, 2016.)

It is fundamentally required to undergo some kind of an analysis before entering a new market or when launching a new project or product. Pestle analysis -website (PESTLE-analysis, 2016) gives some beneficial questions to be asked once performing the analysis:

1. What is the political situation of the country and how can it affect the industry?
2. What are the prevalent economic factors?
3. How much importance does culture has in the market and what are its determinants?
4. What technological innovations are likely to pop up and affect the market structure?
5. Are there any current legislations that regulate the industry or can there be any change in the legislations for the industry?
6. What are the environmental concerns for the industry?

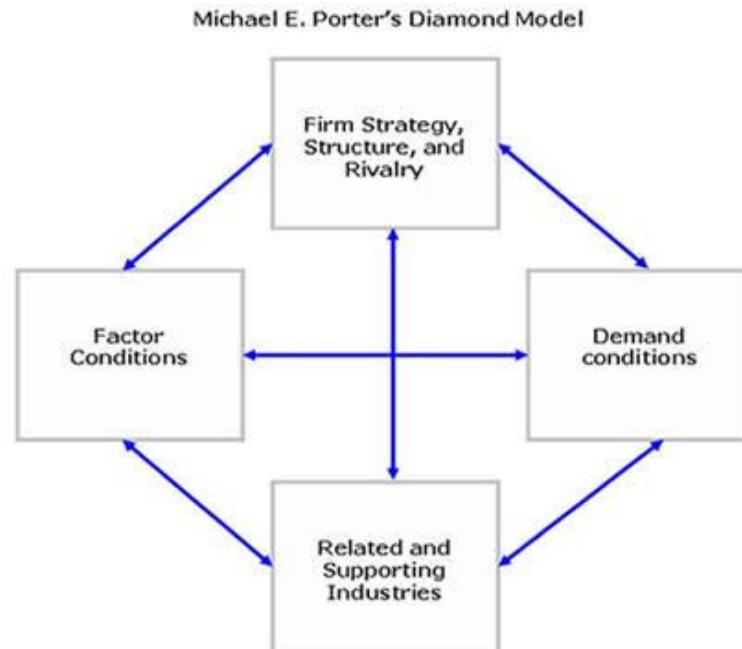
As we are able to see below from Figure 3, all these six questions come from the PESTLE analysis itself, as it stands for P = Politics, E = Economy, S = Social, T = Technology, L = Legal and E = Environment. Combining all these aspects, one should be able to be more familiar with the market and invent a certain strategy and organizational goals for entering and operating into that certain market. (PESTLE-analysis, 2016.)



Figure 3. PESTLE Analysis model. (Consultants Online, 2016)

**B. Porter's Diamond Model of National Advantage:**

Porter's Diamond model is mainly created to propose and clarify what are the reasons some nations, and some industries within nations, are operating in more competitive way than others. The reason is projected into four dimensions (as shown in the Figure 4.), which are examining the nation's habits what kind of factors they are providing for the organizations operating inside the country and how these factors influence the overall competitiveness of the nation itself. (Porter, 1985.)



**Figure 4. Porter's Diamond Model. (Porter, 1985)**

Furthermore, there is four elements that might lead to a national comparative advantage, namely

1. The availability of resources and skills
2. Information that firms use to decide which opportunities to pursue with those aforementioned resources and skills
3. The goals of individuals in companies
4. The pressure on companies to innovate and invest (Porter, 1985.)

The four points of the diamond can be described in particular as follows

**A. Factor Conditions:**

- Nations can create their own important factors such as skilled resources and technological base
- Local disadvantages in factors of production force new innovations to be created. Unfavourable conditions (e.g. labour shortages or lack of raw materials) push firms to develop new methods for competing. In most cases this innovation leads to national comparative advantage

**B. Demand Conditions:**

- If a local market for a certain product is larger than a foreign market, the automatically reaction of a local firm is to devote more attention in grasping the foreign market share by exporting their products overseas. This leads to competitive advantage for that local firm and it's nation.
- Accordingly, a more demanding local market leads to national advantage

**C. Related and Supporting Industries:**

- Firms are able to get more cost effective and innovative services when local supporting industries are competitive. The effect is even to be strengthened if the suppliers are strong global competitors with each other.

#### **D. Firm Strategy, Structure and Rivalry:**

- Local conditions and habits highly affect the firm strategy (i.e. the Asian and Western management styles are quite contradictory)
- Fair level of local rivalry is putting pressure on companies to innovate and improve their output strategies, being actually a good thing for future prosper.

The reason this model has a shape of a diamond is referring to the dependency on each other. One side will not manage without others working. Furthermore, the government has a role in supporting the local economy (as well the aspects in the diamond) by encouraging companies to raise their standards by implementing strict standardization rules for goods, by stimulating early demand for advanced products, by focusing on specialized factor creation and by stimulating local rivalry by limiting direct cooperation and enforcing antitrust regulations. (Porter, 1985.)

#### **C. Interviews:**

As a part of completion and conducting this study, a field trip to Yangon, Myanmar, was performed to meet some local businessmen and hear their opinions and own experiences about past development, current status and forecasts about what's upcoming in the near future. Each one of the interviewed has seen the desperate time under military junta and the way towards freedom and democracy. The main reason was to get an individual's opinion about the development and this way assess whether the media and other institutions publishing information about Myanmar are accurate in their evaluations.

The research method was designed to be a personal questionnaire with an objective of getting soft data. This method is called Qualitative research method. A nice way to explain the meaning of qualitative analysis could be as follows; "Examination of non-measurable data such as a firm's reputation, a brand's image, or a customer's feelings about a product" (Business Dictionary, 2016). This model thought to be suitable for receiving more data, since the realities were recognized: there is a limitation to resources and connectivity to get a hold of more Burmese businessmen to conduct a quantitative survey.

## **IV. FACTS AND FINDINGS**

### **A. PESTLE analysis on Myanmar:**

As already defined in the theory part, PESTLE is an abbreviation of Political, Economic, Social, Technological, Legal and Environmental analysis.

#### **1. Political:**

As it has been all over the global media, seems like Myanmar is finally set free to face the open economy and democracy. The sanctions from West has mostly been lifted, freedom of speech and all such intrinsic values that belong steeply to Western societies are now about to get a hold of Myanmar too. Still, some parts of Myanmar, especially north, are considered to be dangerous for outsiders. The major challenge now is to stabilize the situation and getting the peace process further on. If these instabilities are not to be fixed, the same uncertainties will, unfortunately, overshadow the business in Myanmar as well. Biggest drawback is that right now there seems to be no Master plan for future development established by Myanmar Government (Polastri Wint & Partners, 2013). Overall direction of the development seems to be right and fitting what the country needs.

#### **2. Economy:**

The real GDP growth of Myanmar is running and forecast to be running on a smooth 6-8% yearly pace for upcoming five years (PriceWaterhouse Coopers, 2015). Myanmar itself is a market of more than 60 million consumers, even though right now the purchasing power is still weak. In spite of all, the economy seems to be boosting due to political opening and welcoming of foreign investors (right now only a small number of multinational companies operating there.) Labour costs are very low, one of the lowest amongst ASEAN, but on the other hand there is a lack of skilled labour. This makes Myanmar to be expected to be one of the most attractive countries for FDIs over the next 3-5 years. The inadequacies of infrastructure could be seen as one of the main reasons FDIs keep inflowing but also as a drawback as it is significantly more difficult to conduct business without proper infrastructure. Closely tied to political side, the economy seems to getting a boost respectively to positive news from political aspect. (Polastri Wint & Partners, 2013.)

### **3. Social:**

Population of Myanmar is relatively big - this is certainly an asset. As being discussed in political part, there is still some unresolved local conflicts up north, but with a Muslim minority group Rohingya. Actions directed towards these two aspects are watched closely by global media. Still, it seems that the political reform is at least in a way a case-solving incident, since the guerrillas up north used to fight against the military junta. A big question will be how quickly Myanmar is able to adopt to the outside world from a closed community, how willing the locals are to welcome outside investors and how the transparent policies of market forces are going to be seen and implemented. This should not become a problem, as Myanmar has been colonized by United Kingdom and it still has a fair level of English-speaking population. The level is relatively higher than its Mekong neighbours. (Polastri Wint & Partners, 2013.)

### **4. Technology:**

The development with technology has taken off just lately - not longer than about five years ago it cost around \$5,000 to purchase an activated SIM-card in Myanmar. Nowadays, the price is set to be just less than \$2 per SIM (de Waegh, 2016). Again, the opening of the country has made it possible for foreign firms to establish business in Myanmar also in ICT-industry. A good example is Telenor and Ooredoo, two biggest telecommunication operators in Myanmar, both foreign companies, doing their part to connect the country and enhance the infrastructural level of technological output.

The overall level of technology is still pretty low, but right now it is the fourth biggest destination of FDI inflows after Power, Oil & gas and manufacturing industries, accounting a total of almost 6% of all FDIs as of January 31st 2015 (PriceWaterhouse Coopers, 2015). Innovation level is almost non-existent due to strict regulations and lack of incentives imposed by government, but a change will be seen in the nearby future. Telecommunications sector is right now one of the most promising sectors in Myanmar. (de Waegh, 2016).

### **5. Legal:**

Myanmar is operating under mixed legal system of common and customary law. There is a number of laws being reformed, touching the banking and finance sector, and individual rights as they are proceeding towards democracy. Just a couple of years back, 2013, Myanmar joined the New York Convention which is affecting in the disputes between companies operating either internationally or only domestic. This is a leap to prosper, giving some predictability for investors approving some more certainty into the business life. (Polastri Wint & Partners, 2013.)

Another helping factor for transparency is the establishment of Securities Exchange Law, yet it is not in place. Some challenges for the near future are for instance, even though the Yangon Stock Exchange (YSX) is already operating, there is huge number of domestic public companies not ready to proceed to the Stock, mainly due to the lack of set of historical financial records and thus, not meeting the International Accounting Standards (PriceWaterhouse Coopers, 2015). Other useful regulatory is The Special Economic Zone Law enacted 2014, The 2015 Myanmar Union Tax Law and the Competition Law on 2015, defining the business environment. To summarize, there is a lot of good action aiming at good future, still it takes some time to implement all the changes. (Polastri Wint & Partners, 2013.)

### **6. Environment:**

As there is a plenty of natural resources in Myanmar and a race to get to them first, some environmental issues may seem secondary. Citizens are very poor and their living conditions are low. The awareness of environmental issues and environmental sustainability is increasing, but current issues are for example deforestation; industrial pollution of air, soil, and water; inadequate sanitation (Indexmundi, 2015). But the issues that are present in other LDC countries, do prevail in Myanmar, too.

#### ***B. Porter's Diamond Analysis:***

When examining the four elements that might lead to a national comparative advantage, Myanmar can be seen as follows:

I. Myanmar has abundance on natural resources and low cost labour, which is not very highly educated, meaning the necessity to educate your own workforce for the tasks they are required to handle.

II. Information availability is still being partly limited and international standards on reporting and accounting is inadequate. The economy is facing a new phase, so for instance the consumer behaviour data from history is handling only several years back or lacking totally.

III. Individuals are right now getting the idea that they could have plans for their own future with freedom of choice and more options to choose from. The situation is still more in favour of the firms - uneducated labour can be easily replaced.

IV. Right now the companies do not necessarily have pressured from outside for making investments and innovations - it is very beneficial if they do so to gain more market share. Still, the first mover advantage applies and there is not so many multinational corporations (MNCs) operating, which would motivate companies for investments itself.

Taking a look into the Diamond itself, we have:

**A. Factor Conditions:**

Myanmar's location is very strategically, in between the two of the most populous countries of the world, China and India. Myanmar has created and is planning to open more Special Economic Zones to promote more favourable conditions for foreign firms manufacturing goods in suitable locations to manage business. Already a number of garment, manufacturing and energy industries have invested on a multimillion plants to operate there. The competition is not yet too fierce and there is enough of labour and raw materials for growth. Myanmar has an opportunity to get a comparative advantage on manufacturing and producing industries due to its suitability for that kind of industries.

**B. Demand Conditions:**

Currently, the domestic market of Myanmar is the first target of the investors as there is a huge population and demand for consumer everyday goods. After the settlement and development of overall conditions, products will be exported to other ASEAN countries and other big economies. That is why the first stage to reach for Myanmar is to get a hold of National Advantage.

**C. Related and Supporting Industries:**

The level of related and supporting industries, for example telecommunications, logistics, banking and finance and energy, are not sufficient at the moment. It needs some serious improvements, more parties and fiercer competition.

**D. Firm Strategy, Structure and Rivalry:**

The Asian management style is still prevalent, as there is plenty of labour to be hired or fired and education level is low. Management is strong and a lot of hard work and long hours are expected from the workforce. Rivalry level is rising, but still it is far from developed countries level of competition.

**C. Results from Interviews:**

After all, the questionnaire got enough answers and opinions from different industries to be useful in this study. Among the respondents there is Burmese nationals and expats who have been closely following the situations in Myanmar. The answers were received from West Indochina Consulting, FAME Pharmaceuticals, STI Myanmar University and Indigo Consulting.

The first question was asking about an opinion of current economic situation in Myanmar and a small personal forecast up to ten years ahead. All the respondents were sure that the future, up to ten years, seems very prosperous and Myanmar to be returning to one leading economies in South East Asia. More shadows were seen on the current state and nearby future and it was considered harder to predict. There is several uncertainties currently, and right actions are needed to direct Myanmar into right direction. Major share of Myanmar population is low-income and that is why millions of Burmese are working in the neighbouring countries - these professionals would be needed at home to get Myanmar back into its feet.

Second question wanted an opinion on how the political change taking place in Myanmar has and will influence, and whether the change is positive or negative. Respondents thought that the direction is positive, but before getting to the success, there might be some hard times what are typical when a reformation of government is happening. The new government is being praised for creating a bright social and political stability with reasonable growth objectives, but reminder is also brought up that there is still some century-old acts being effective in the legislation which do not meet the requirements nowadays anymore.

Third question urged to voice out the things that, according to respondents opinion, has not changed but which they consider extremely valuable for the overall economic development and attractiveness of Myanmar. Banking system reformation, legislative enhancement and upgrading the laws entwined with business were seen important. Also, the basic infrastructure, i.e. electricity access, transportation and telecommunications were noticed in need of improvements. One good remark was that the whole nation has been under the military rule for some time - the mindset of the whole nation is still influenced by those times and could be able to be seen as "do-not-take-risks" culture. It will take some time to alter this thinking, but the truth is that this kind of mindset affects the business life.



Fourth question asked the major assets Myanmar possesses that can be seen attractive in the eyes of a multinational organizations which are or are thinking of investing in Myanmar. The people came out to be the favourite in the answers, which is low-cost and young. Other important assets were thought to be natural resources, perfect location and tax incentives for MNCs for their exports.

Question number 5 wanted to hear the possible drawbacks Myanmar should be considering to reduce or overcome totally. As it was mentioned in the previous answer, there is a huge, low-cost labour which can be seen as an asset but also as a drawback - company basically needs to be training their employees fitting for the position, which turns to be a bit costly. Also, once again, infrastructure and connectivity rose up with difficulties in bureaucracy and red tape: administrative offices require too much time and paperwork, summed up with limited fiscal resource mobilization and underdeveloped financial sector. In addition, there is no intellectual property laws yet in effect.

6th question was inquiring the ASEAN community's or ASEAN Economic Community's impacts on Myanmar. No big wonder, it was seen very positive, to help Myanmar open up, little by little, first to other ASEAN countries and later on to the rest of the world. It makes it possible for Burmese businessmen to conduct business more freely to neighbouring countries and possible, by joining ASEAN, Burmese officials could realize how far behind they are staying and put their full efforts on getting back on track. ASEAN is the first step to get out of isolation that Myanmar has been for too long.

The final question wanted to unveil the ideas that respondents had about the industries that are benefiting the most of political and economic opening of Myanmar. First of all, it is obvious that every industry will get their share of benefits. But to the point, which get the most, answers tend to be essential products such as Food and Logistics added with Tourism & Hospitality, Research & Development and IT industries. To build up the vital infrastructure, construction is also needed, which lays positive expectations for that industry as well.

## **V. CONCLUSIONS & RECOMMENDATIONS**

These conclusions are based on literature used with own findings using the several methodologies. Overall development seems very positive both in ASEAN and Myanmar, but as always, there are few things to take into a further inspection.

### ***A. Conclusions about ASEAN's situation:***

To conclude this Independent Study, let's firstly take a look into ASEANs condition and attractiveness.

#### **• Market Growth & Size:**

The whole ASEAN region is currently third largest by the population in the world, after China and India, with 608 million inhabitants. It is about 100 million more than in EU and almost double the size of U.S market size. However, the economy of ASEAN is 5th biggest in the world, with total of \$2.3 trillion, after EU, U.S, China, and Japan. (ASEAN Up, 2012.)

ASEAN growth rate after the Quarter 4 of 2015 was set to 4.5%, which is higher than Japan's, EU's and U.S's growth rate but deteriorate to India's and China's.

Keeping these numbers in mind, it is easy to point out that the market size by population is a good base for manufacturing with an honest possibility to get intra-ASEAN demand for any kind of goods and services, and yet being behind some other economies, there is a significant possibilities to maintain the steady-high market growth rates, mainly thanks to emerging economies of, for instance, CLMV countries - the potential is present.

#### **• Variability of Demand”**

As concluded earlier in this study, ASEAN is now very heterogeneous union of countries from different backgrounds and level of development. That is the main reason there is demand for several kinds of products - as Singapore and Brunei might be looking for newest high technology, states like Laos and Cambodia are still seeking improvements for infrastructural aspects. The market is dispersed, thus the demand conditions are favourable for a number of products and services.

#### **• Industry Profitability & Strength of Competitors:**

Needless to say, China and India are the strongest competitors. But as the economic slowdown of China and changes in China's production activities (from export-driven economic model to consumption-driven), some of the ASEAN-based businesses have been planning to retreat from China and invest more in intra-ASEAN countries. The average cost of labor has been rising in China significantly, while it still maintains on low level of ASEAN countries, such as Vietnam, Indonesia. Laos, Myanmar & Cambodia. Furthermore, the labour of ASEAN is relatively young, 65% of the population is

under 35 years old. The strength of China can not be underestimated, but the dominance is fading little by little, allowing other markets to grab up the share.

Low-cost labour is obviously one of the driving factors that defines mostly the profitability. Furthermore, considering the quality, Thailand is seen as a cheap but high-quality destination for manufacturing plants such as automotive, chemical, Food, Beverage and tobacco. Discussed in the chapter 2.1.1, the major obstacles for doing business in ASEAN were corruption, lack of infrastructure and educated workforce and limited access to finance. ASEAN is very well aware of these and acting respectively - also, the high level of FDI inflows are certainly helping the societies to overcome these problems and enhance the competitiveness and profitability. In addition, the direction towards lessening the trade barriers and shift into common market reduces the possibilities to commit corruption, promoting the overall picture of the countries and making international trade more transparent.

• **Opportunities of Growing on Global Scale:**

One of the major opportunities ASEAN just recently figured out was the U.S-ASEAN summit to strengthen the economic cooperation with these two, especially in U.S's attempts to counter China. U.S has their own interests but their cooperation with ASEAN would certainly benefit also the ASEAN counterpart, their relations to the world especially. A big issue on South China Sea is another factor driving ASEAN to U.S lap, as their policy is to solve conflicts peacefully.

In addition, the enhancement of region's relations to EU will definitely be a plus on ASEAN's side. The total attractiveness is already noted by major economies in form of FDI and it will not be a trouble to lure them to Southeast Asia.

***B. Conclusions about Myanmar's situation:***

The biggest issues currently in Myanmar are the shift into democracy and the peace process when establishing new political system, lack of infrastructure to meet the growing needs for international businesses, leading to reduction of the capacity that they are able to produce right now. Legal environment is based on laws that are implemented decades ago and not matching the needs of today. Some of the risks that are now present are the regulatory on business and questions about currency and protectionism. Myanmar Kyat is finally about to slowly replace US Dollar in the daily life of Burmese people. Big question is also how fast the Myanmar's business culture will adapt to outside world.

Few concrete tips for businesses considering doing business in Myanmar include firstly finding a local, trustworthy partner who is able to assist with the adaptation process. Local culture is still strong in Myanmar and foreign businesses must obtain their interests with local culture's interests to succeed. Just like before entering China, most companies spend even years examining the market and forming guanxi (Chinese word for relations network in business). This procedure is needed with Myanmar as well, maybe not as extensively long as with China. Currently operating foreign firms in Myanmar are big, global players with deep pockets - one must be aware of the level of the competition. That is why getting good relations with local partner and having extreme patience is a requirement without a shortcut. Myanmar possesses abundance of choices and lot of potential, but the ongoing change will take still time, and with the present challenges, patience is the key word. Transition is going to take some time, and probably starting with a small investment and growing slowly would be suitable technique as the knowledge of the culture and market is higher.

The most promising sectors for further development are considered to be six industries profiting the most. These industries include consumer goods, telecommunications, tourism, banking and insurance, infrastructure and agricultural industries. Growing local demand in line with growing middle class ensures the development of not only manufacturing of these goods; also the supporting industries like marketing, logistics, legal and research and development will benefit. Telecommunications has take a huge leap after privatizing the networks and now the e-commerce and mobile banking are the most critical to be refined. Myanmar can be compared to its neighbouring country, Thailand, with its nature and landscape for tourism. Unspoilt beaches, cultural heritage and diversity makes Myanmar attractive destination for even mass tourism. Banking and insurance industry are in the shifting process while the laws regarding banking are renewed. After these modifications, the industry can be seen growing fast.

Lastly, the agriculture of Myanmar is the base of nation's welfare and with better connections of logistics and supplementing industries these products can be easily exported.

A concluding statement could be that future in Myanmar does look good and will be success if firms are able to adapt to the local market and do their research well enough having patience needed. In ten years of time, the whole country will most definitely look a way different than it looks nowadays - and that is a good thing for Myanmar itself.

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