



EVOLVING OPPORTUNITIES

THAILAND

HOW DOES YOUR GARDEN GROW?

**UNDERSTAND WHY THAILAND IS DESCRIBED AS THE
GATEWAY TO THE ASEAN BLOC**

VIETNAM

A FISH OUT OF WATER?

WHY VIETNAM IS STILL A GOOD IDEA

MYANMAR

**THE TRAIN IS LEAVING THE STATION
ARE YOU ON BOARD?**



In the second quarterly edition of Asean Pulse, we bring to light the opportunities awaiting the business sector in the fast-growing economies in South East Asia. Countries in focus include Thailand, Vietnam, and Myanmar.

You will find in this issue specific insights about the economic and social elements of these countries that will play an important role in evaluating your branding or market entry strategies.

This issue also provides a narrowed profile of each country's consumer: their characteristics, culture and traditions, and other important influencers of their purchase behavior.

Along with this issue is a separate **feature report** on Thailand as the next luxury shopping hub.

CONTENTS

A Country View: THAILAND	3
Reaching the Thai Consumer	8
A Country View: VIETNAM	12
Reaching the Vietnamese Consumer	17
A Country View: MYANMAR	20
FIND OUT MORE	25



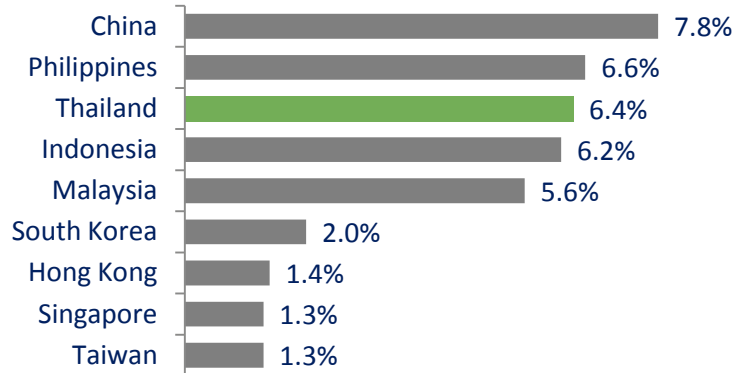
A COUNTRY VIEW THAILAND



The right choice for your ASEAN hub?



Figure 1: Real GDP Growth in 2012



After the ASEAN Economic Community (AEC) was agreed by political leaders, a number of foreign investors began to look closely at ASEAN and its plans to develop into one of the world's most important economic blocs. Thailand, the second fastest growing economy in ASEAN continues to be a focus of many investors – both within ASEAN and around the world.

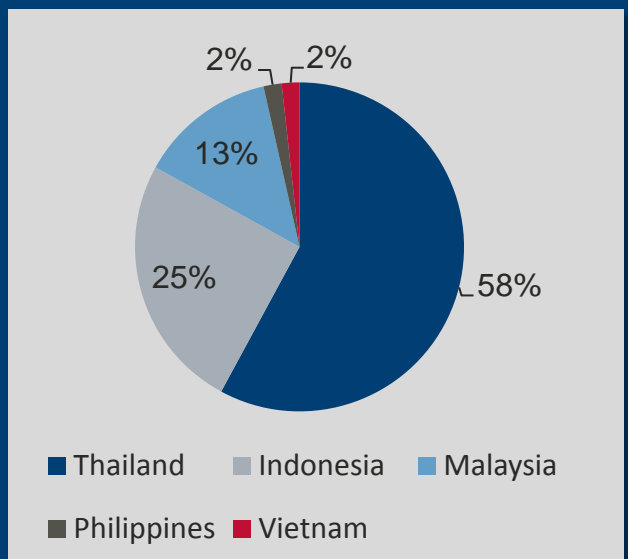
The growth rate of 2012 has been largely driven by government policies to stimulate the economy. These include the First Car Policy and the significant increase in the minimum wage of employees holding at least a Bachelor Degree.

But does all this mean that Thailand is ready to become the hub for foreign investment within ASEAN? Let's look at some key areas that can help to reveal the answer.

How does your garden grow?

A 2012 growth rate of 6.4% firmly positioned Thailand as one of Asia's fastest growing economies. This was helped in Q4 2012, when we saw a dramatic rise of 18.9% y-o-y, driven by massive growth in the manufacturing sector (+37.4%). The First car policy was successful in stimulating impressive demand for new vehicles - leading to the highest sales on record, (almost 2.5 million units sold), a 70% increase from 2011. Thailand thereby claimed the title of the world's highest growth in car production.

Figure 2: Thailand & ASEAN Car Production in 2012



THAILAND

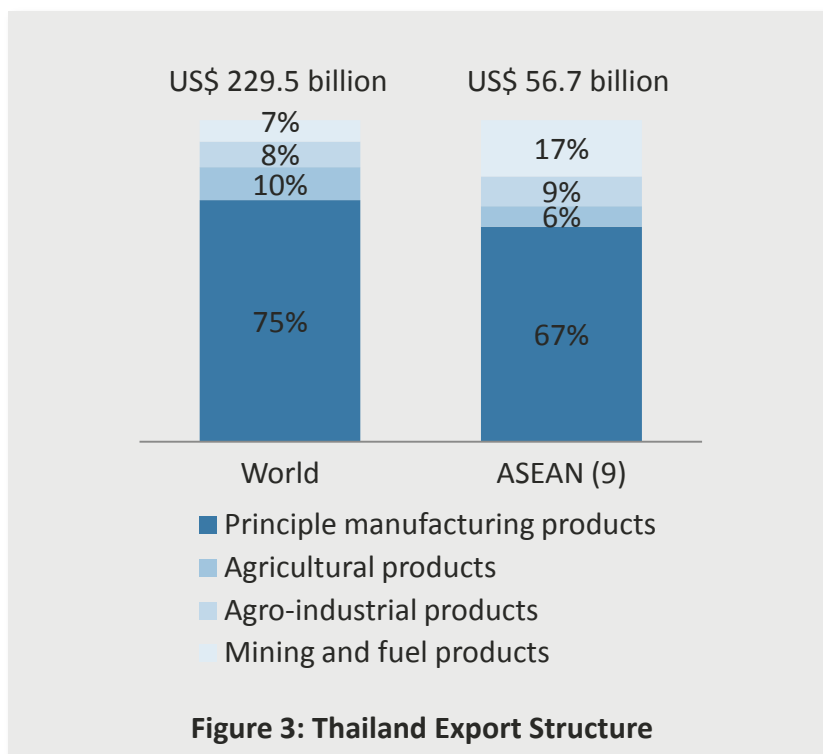
The increase in minimum wage nationwide to THB 300 was a key election pledge of the current Thai government. While there has been much debate about the impact of an increased minimum wage, we saw a 7% increase in domestic household consumption from 2011 in terms of value.

Despite Thailand's NPL in Q4/2012 falling to its lowest record in history (2.25% of total loan - 1.94% for consumer and 2.36% for corporate), some business leaders and academics have expressed concern about the medium to long term impact of these specific policies, specifically in relation to inflation levels and the number of non-performing loans. These are two areas to monitor closely in the near future.

The only way is up!

Thailand's impressive economic performance in 2012 was not driven by domestic consumption alone. There was also an amazing export performance. Its exports have risen dramatically over the last 5 years, with increased trade among ASEAN neighbours and key driver, China.

Indeed, ASEAN countries now contribute around a quarter of Thailand's total export value. With the ASEAN Free Trade Area (AFTA), which should be fully implemented by 2015, Thailand's impressive Thai exporters are increasingly convinced about the



'Thailand's impressive economic performance in 2012 was not driven by domestic consumption alone; exports have also risen dramatically.'

advantages of the ASEAN economic bloc and the opportunities that are available for exploit. This can be witnessed in the Agro-industrial products, where exports to ASEAN markets have doubled from 2009 to 2012.

The heart of ASEAN?

It is quite common to hear international commentators referring to Thailand as strategic gateway to the ASEAN bloc. The June 2012

World Bank report on ease of doing business positioned Thailand in third place after Singapore and Malaysia, and 18th amongst the 185 countries in the survey.

Strong government support for foreign investors; modern and efficient infrastructure; and high quality industrial estates are often cited as the strength of the Thai offering to foreign investors. With its strategic positioning in this Mekong Sub-region and land borders with 4 other ASEAN countries, Myanmar, Lao P.D.R., Cambodia, and Malaysia, – the country offers a strong base for

the important cross-border trade, easily reaching a population of over 150 million. This is reflected in the trade activities among Thailand and other ASEAN countries as presented in Figure 4. The export from Thailand to other ASEAN countries has grown substantially at 11.6% CAGR from 2007 to 2012.

This growth helps to illustrate how ASEAN trade has become an important element of the Thai economy. Such growth outstrips trade with other regions. Add to this the 2012 World Investment Report where Thailand ranked at 8th place (up from 12th), noting that the country was a top prospective host economy for 2012 - 2014.

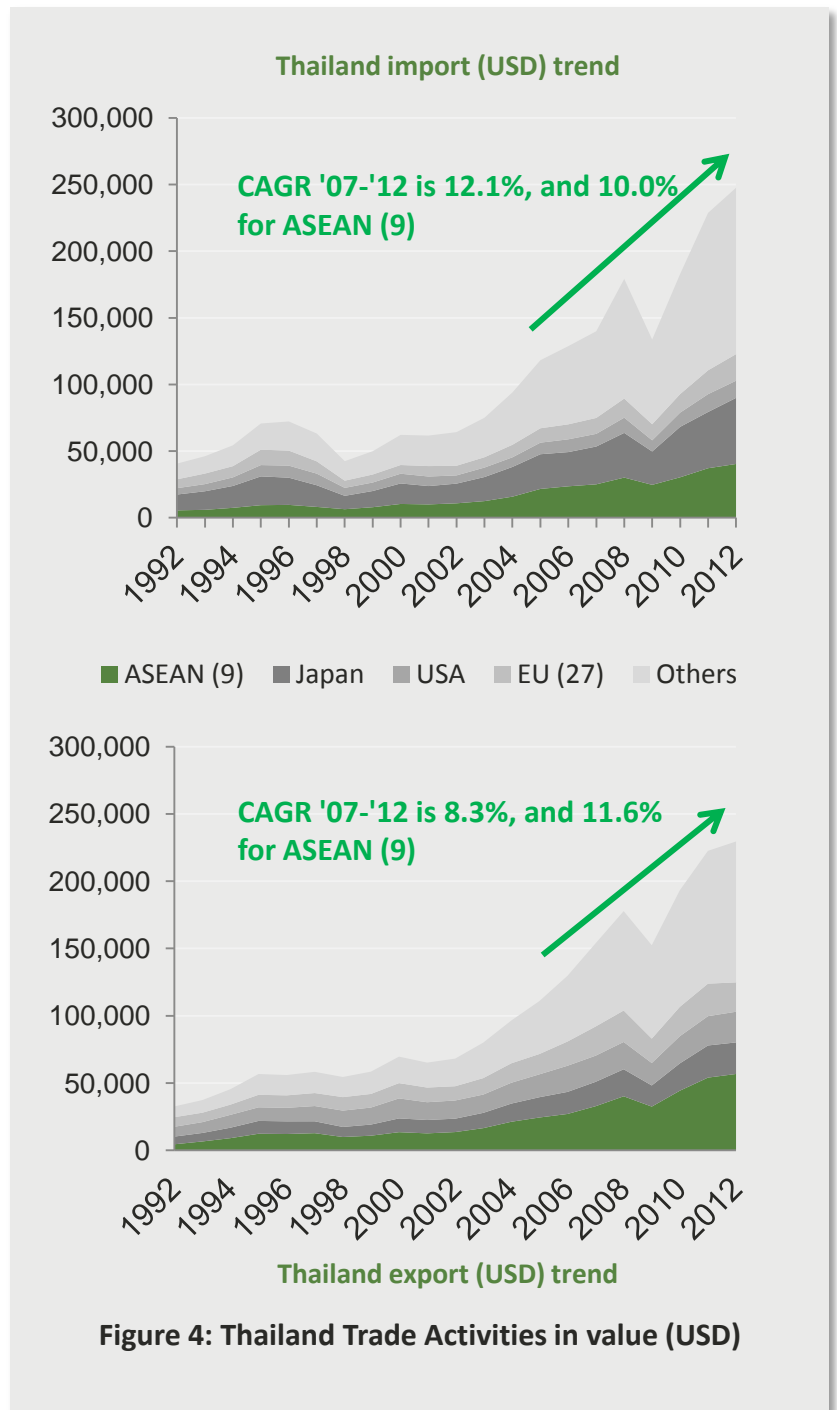
The Destination of Choice for Expatriates

Historically, the assumption has been that Singapore offers expats the best experience. However, even in this area, Thailand is able to make a claim for the top spot.

The country was voted as the number 1 for the overall expatriate experience, according to an HSBC Bank International survey that canvassed the opinions of over 3,000 expats working in 30 industries across 50 countries. The survey also reports that around 69% of

single expatriates had found a long-term relationship in Thailand. Add to this the fact that a recent survey by International Living rated Thailand as Asia's second best retirement destination. Then, the case for Thailand becoming a regional hub starts to build up. Some of

the reasons for the country doing so well include low cost of living, high quality of life and standard of living, as well as friendly local people. It is not called the land of smiles for nothing!



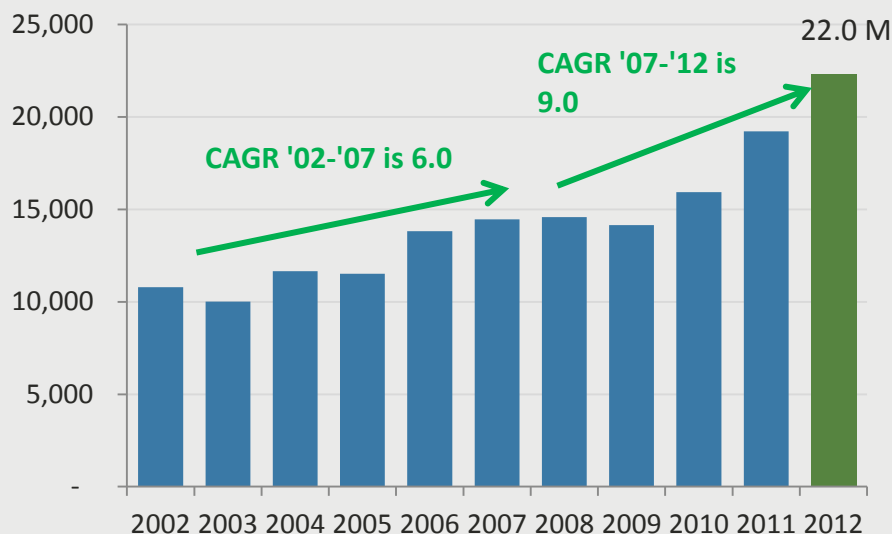
Healthcare

an opportunity not to be missed

A high-quality health care system is one of the most important reasons that the country continues to attract tourists, particularly to Bangkok. The highest number of tourists coming to Thailand was 22.0 million. It is estimated that more than 600,000 of which travelled specifically for medical treatment.

Figure 5: Number of Tourist Travel to Thailand

Number of Tourists (Thousand)



A land of tradition

What we see in Thailand today is infrastructure of much higher quality, with the dramatic improvements envied by many of its neighbours around ASEAN. That said, most of the infrastructure projects are concentrated in urban areas.

Access to the modern trade channel is also undergoing transformation,

but it too is still largely limited to urban areas. Despite the aggressive expansion of hypermarkets and modern convenience stores like

7-Eleven and BJC, traditional trade remains the backbone of trading activities in Thailand and currently accounts for more than half of all FMCG trade in value terms.



Medical tourism is forecasted to generate revenue for Thailand of over THB 100 billion by 2015. The reasonable cost of treatment with premium quality healthcare provides a competitive edge to Thailand medical tourism industry, unmatched by key competitors such as Singapore and India.

The cost of a heart bypass is around USD 130,000 in USA, but only USD 11,000 in Thailand, compared to USD18,500 in Singapore. We are now seeing this sector being much more aggressively promoted by the Tourism Authority of Thailand (TAT). Hence, healthcare promises a great deal of opportunity for companies to grow their business and leverage their entry into the Thailand market for expansion within ASEAN.

Welcome to Amazing Thailand!

What we can see from all these is that Thailand has bounced back from its economic and political troubles of the past 5 years to turn in a performance that most countries would be delighted with.

Its growth rate helps to set the bar for ASEAN economies. What we should see is the growth quickening as the country continues with its moves to take advantage of ASEAN 2015.

In terms of the key factors that investors seek from FDI (Foreign Direct Investment) destinations, Thailand offers one that is both compelling and unique within the ASEAN bloc. It could be that ASEAN FDI begin to polarize between Indonesia as the largest economy in the region and Thailand as the leading economy in the Mekong Sub-region.

We are also witnessing important developments in the role of local players within Thailand. There are sufficient signs that

No. of Stores

Avg dairy sales / store (THB)

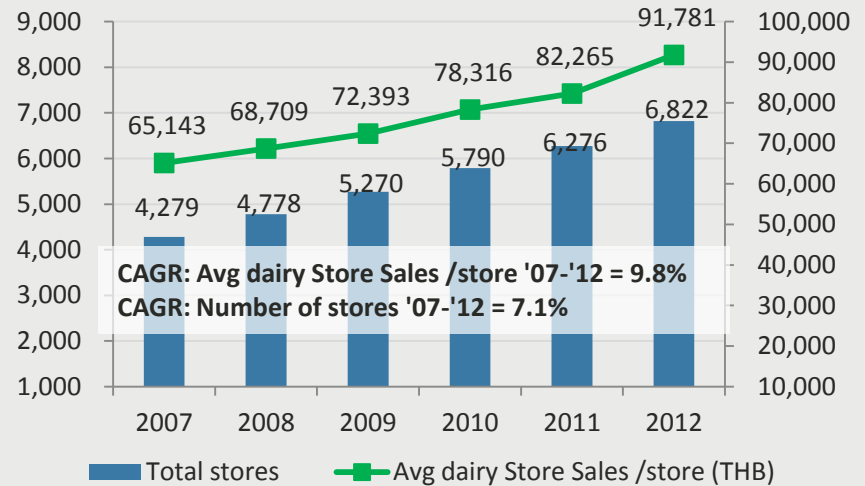


Figure 6: Number of 7-11 Stores and Avg Dairy Sales Per Store

opportunity exists within the Healthcare sector as well as in Thailand's world class manufacturing sector. Both these sectors will continue to be key drivers of the Thai economy and will present a road to opportunities that lie outside Thailand.

The question should not be whether Thailand could become the hub for FDI within ASEAN but rather, "why not?" As a leading trader amongst the ASEAN countries, Thailand

does have a fresh opportunity to persuade investors that it should be their hub from which to launch a market expansion plan for the ASEAN bloc.

The question should not be whether Thailand could become the hub for FDI within ASEAN but rather, "why not?"

Reaching the Thai Consumer

Thailand is well known for its glorious beaches, Buddhist temples and a place for gastronomy indulgence and relaxation. The beauty we observe as the casual traveller has deep cultural roots. Understanding a few Thai cultural insights could make a difference in building success for your brand.



Land of Smiles

As soon as you arrive in Thailand, you will be struck by the warm welcome you receive. People smile often, speak softly and courteously to each other, and seem to go out of their way to make guests feel comfortable. The smiles are not just for tourists. Even in their work environment, Thais are likely to punctuate their communication in this way.



“Sanook”

In Thailand the culture of sanook (fun) permeates every aspect of life, no matter how serious the context.

Thailand's military coups present a uniquely Thai example of this. Flowers are used to decorate tanks,

scantly dressed dancers perform for soldiers and soldiers willingly pose with tourists against their tanks for photographs.



Most Thai TV advertising tend to be humorous and light hearted. Indeed, Thailand wins more regional creative awards for advertising than any other country in Asia.



When it comes to asking consumers how they feel about new products and marketing concepts, Thais tend to rate new products very highly. Market researchers have to recalibrate Thai rating scales when comparing results with other countries in order to get a more realistic view of public reaction.

“Getting along”

Thailand's gracious and friendly culture is at least partially rooted in its religion. Thailand is overwhelmingly Buddhist and Buddhist tenets of compassion and serenity form the core of the country's social values. Above all, Thais value 'getting along' and forgiveness and compromise as means to avoid confrontation.



Thailand's warm culture has proven to be a bankable asset for the country, with tourism accounting for more than seven per cent of the country's total gross domestic product.

Reaching the Thai Consumer

Face Time

Thais strive to blend in with and be accepted by their friends, colleagues, and neighbours. They will go out of their way to buy products and brands that help them gain acceptance from others and are likely to want to stick to the 'safe' or accepted market leader – a potentially significant challenge to a new market entrant.

New brands face a long and arduous battle to gain mass acceptance, regardless if the product actually performs better than what's already on the shelves.

“Relationships are important”

One of the ways marketers can differentiate their products is by developing a personal connection with the consumer – putting a “face” to their brand or company.

Personal relationships act as both binding agent and lubricant for Thai society and Thai business. Thais will always prefer doing business with someone they know, over a faceless corporate entity.

“Kreng-jai”

Some of what makes personal relationships important in Thailand is the principle of kreng-jai or consideration for other's feelings. If someone has done you many favours or has

a long standing relationship with you, one should be careful to avoid offense or hurt feelings.



For example, if a department store has a stall offering free samples of food or drink, Thais who try the samples will tend to feel obligated to make a full purchase.

“Put a face to your brand”

Thais are interested in direct interaction with brands. Cable TV companies hold family fun days, while consumer electronics companies sponsor karaoke contests and fashion shows. It is important for the Thai consumer to have “sanook” with your company and your product – to put a face to your brand!

The King and Thais

Thailand is one of the few monarchies in Asia and the connection between the people and King Bhumibol is unique in the world.

The King is seen as more than a ruler. He is regarded by Thais as 'father,' the people's protector and the government's conscience.



While his official role in government is ceremonial, the King has been a champion for the people during political crises. His 30-year advocacy of self-sufficiency has not only impacted public policy but permeated the lives of Thais and influenced Thais' personal spending habits.



As well as being loyal to the monarchy, Thais are extremely patriotic. Many Thai brands, from beer to petrol, capitalise on this patriotism by promoting the message that buying a particular product will help the country as a whole.

Reaching the Thai Consumer

“Consumption in moderation”

Thais are very restrained shoppers who believe in moderating consumption. They tend to avail of bank loans only when really necessary. Once the loan is taken, quick repayment is on top of their minds.

On the supply side, the principle of moderation has been tapped by

- a vibrant local industry that has the ability to price its products lower than multi-nationals.
- Multiple manufacturers / marketers who have flooded the market with lower cost options
- The presence of high quality export rejects or creative counterfeits.



While it may seem tempting for brands entering the Thai market to associate themselves with the Royal Family and surf the wave of their popularity, in practice this is extremely unwise and locals are likely to take grave offence. In any case, any company wishing to link itself to the monarchy must first submit the proposal to the Bureau of the Royal Household for scrutiny and adjudication.

Beyond the City

Foreign companies looking to enter the Thai market have generally focused on the growing middle and upper classes in large urban centres, particularly Bangkok. However, of the 65 million people living in Thailand, just over 10 per cent live in Bangkok, and the capital city represents a disproportionate share of the country's wealth.

It is important to remember the huge opportunities for brand growth across a range of categories in Thailand's less developed areas. The “up-country” markets may be urban or rural but all have experienced relatively low exposure to marketing and brand development.



Seagram 100 Pipers Whisky established itself as an “honest man's” drink for the upscale consumer after successfully building its business among the up-country working class. Affluent Thais were attracted to its non-pretentious message, the opposite of which other high-end brands seem to project in their marketing.



In the up-country areas, although household incomes may be lower than the big cities, so is the cost of living. As a result, locals have level of disposable income that makes them attractive to brand owners.

Tapping into the mass market may mean shifting one's perception of what a Thai 'consumer product' is. Cement for example, is generally a business-to-business sale in Western countries. But in up-country Thailand, where individuals build their own homes, cement is a branded consumer product.

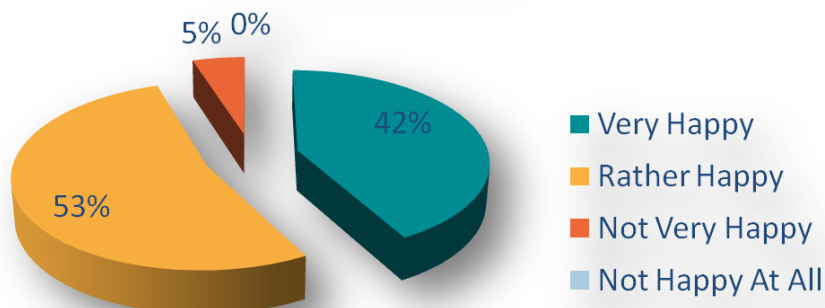


A Measure of Success - Happiness

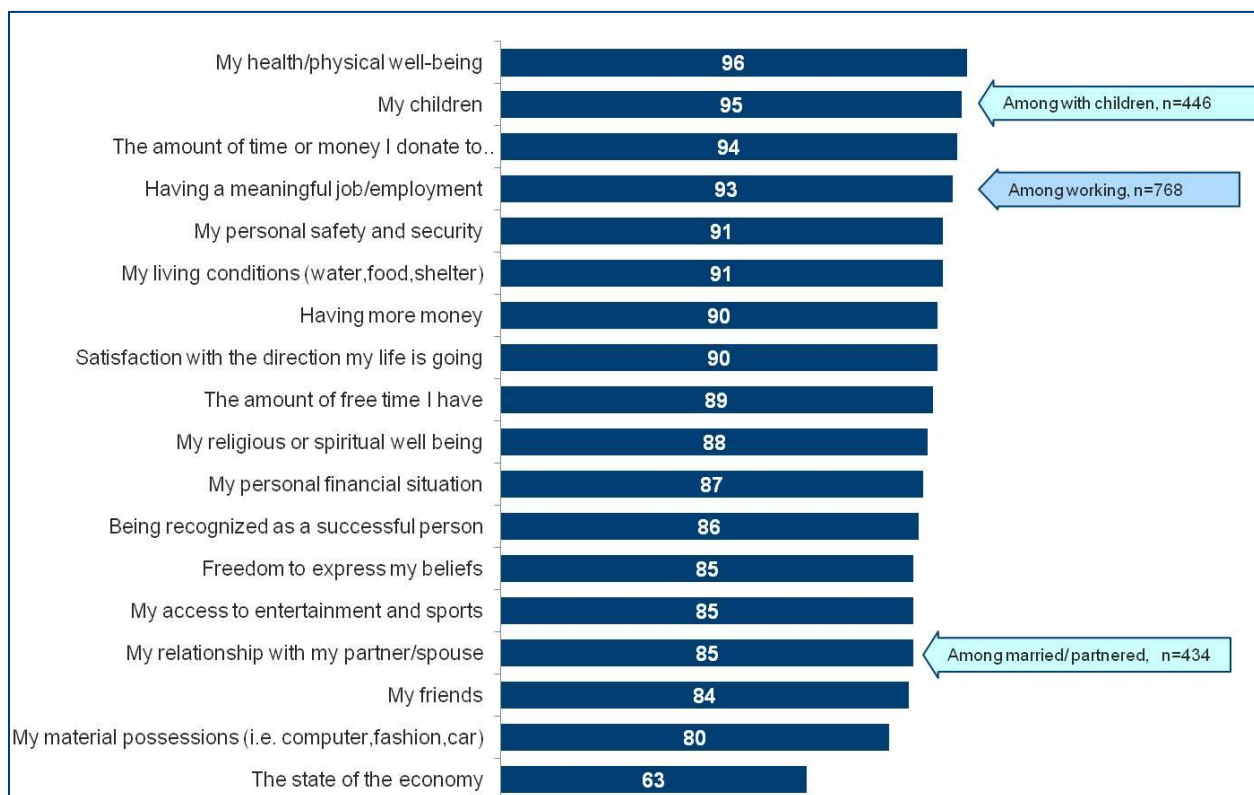
Health, family and fellowmen

A poll conducted via Ipsos AsiaBUS in March 2013 among n = 1,000 Thais. The result found that majority of Thais were quite happy, more than half were described themselves are "Very Happy" while zero percentage of "Not Happy At All"

Happiness Index – Total March 2013



Does or could give me greatest happiness...



Health well-being and family were top mentioned for what give Thais greatest happiness (top 2 boxes : 96%, 95% respectively). As Thais generally have high sympathy for other fellows, there is no doubt that the third rank mentioned was charity and donation or help others either time or money. (94%)

Poll conducted on Ipsos AsiaBUS in March 2013 among a total of n = 1,003 Thais in Greater Bangkok, Chiangmai, KhonKaen, Songkhla, and Chonburi via telephone interviews. Random sampling with soft-quotas among citizens aged 15-64 years old, across SECs A through E.

A COUNTRY VIEW

VIETNAM



A fish out of water?



From being depicted as a “war-after-war” destination to being in the spotlight as an emerging economy, Vietnam has faced a number of chronic economic problems in the recent years. These resulted in the caution currently reflected by both investor and consumer confidence indices. At the same time, neighboring markets such as Indonesia, the Philippines, and the emerging Myanmar have received increasing attention from global

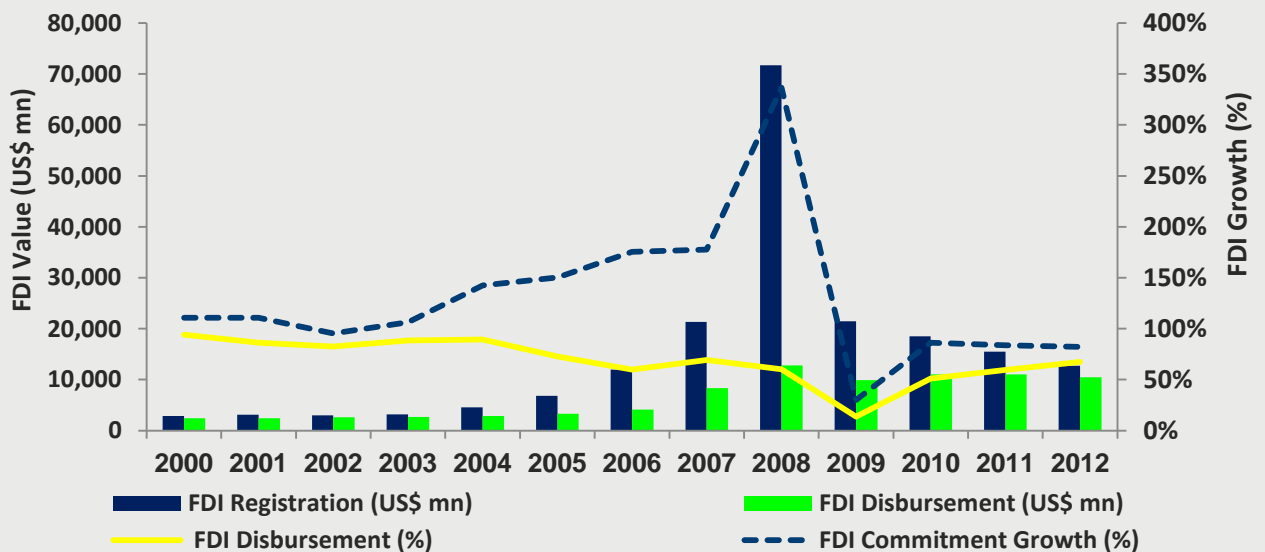
investors. Can Vietnam continue as a country of choice for doing business in Southeast Asia?

A soar in foreign direct investment

Although Vietnam’s GDP per capita is still considerably smaller than that of other Asian’s economies, the country witnesses a vibrant economy with small businesses springing

up at every street corner. As one of the fastest growing countries, Vietnam benefits from foreign direct investment (FDI) inflows through its attractive foreign investment policies, and often-stated commitment to a liberalized economy. Despite the decrease in FDI registration in recent years, FDI implementation has remained stable at 70% since 2010.

Vietnam FDI (2000 – 2012)



Source: General Statistics Office, Ipsos (2013)

Vietnam

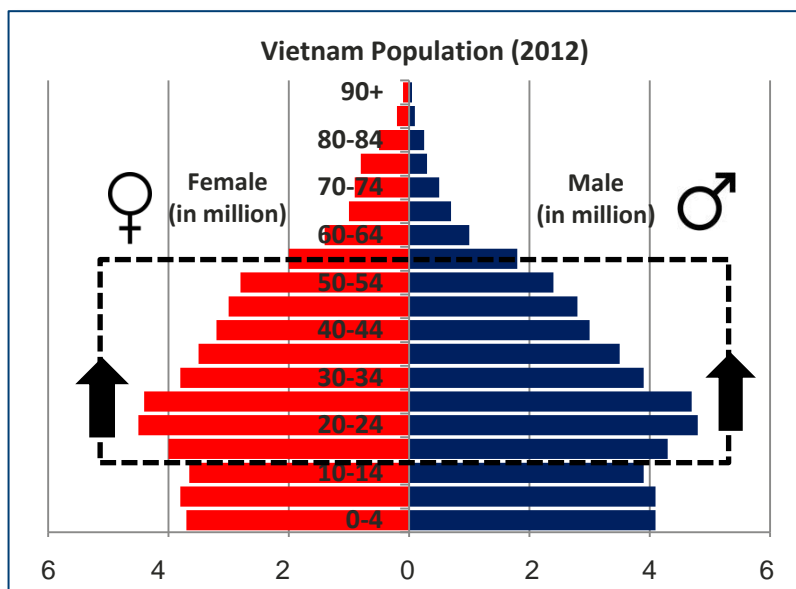
A young population with a determination to grow

Vietnam, currently ranked 13th most populated country with approximately 89 million people in 2012, is forecasted to reach 96 million by 2020. Vietnam is well-positioned demographically with an estimated 68% of its population (60 million) in the 15-64 year working age bracket. The Vietnamese population remains the youngest in Southeast Asia with the distribution of different age groups' emphasis towards the income-generating age bracket.

The economy has continued to grow, in terms of GDP, forecasted at rate of 6% annually over the next five years. Vietnamese consumers are increasing their spending levels and gaining greater exposure to new lifestyle trends. What we are currently witnessing is consumers becoming more sophisticated and independent. With greater purchasing power, compared to the older generation, the consumption expenditure is likely to increase by 30% in 2020, compared to 2012.

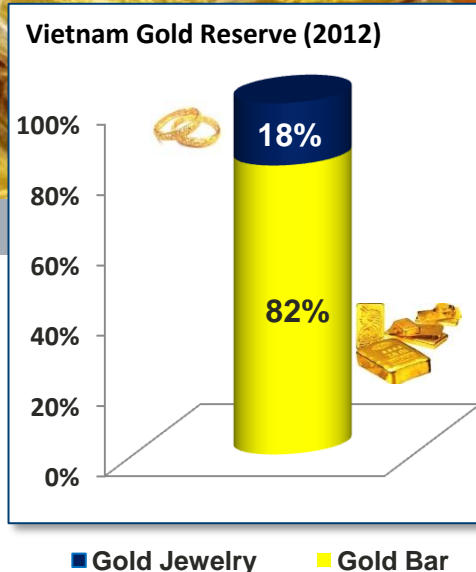
A major resource in gold

The Vietnamese tend to store gold as a way to fight against inflation. The country's total gold holdings could range from 20 to 45 percent of the country's GDP, considered to amongst the highest in Asia. While official reserves at the central bank are largely insignificant, most of the gold holdings are maintained by private individuals. With over 400 tonnes of gold being estimated in private sector and billions of US dollars circulating outside the official regulatory system, Vietnam has a major financial resource that has not been explored and used effectively for other sectors in the economy.



Source: General Statistics Office (2013)

Vietnamese love gold, but not in the form of jewellery



Source: World Gold Council (2012)

Vietnam

The “J Factor”

One of the things that has dominated both the front page and business pages of the newspapers last year has been the ongoing tensions between Japan and China, which sparked anti-Japanese demonstrations and also boycotts of Japanese products.

Whilst this all has to be put into context, what is clear is that many investors are now looking more closely at how they can balance any risks connected with their investments in China. South East Asia, specifically Thailand, Indonesia and Vietnam being the important manufacturing bases, offers investors an alternative, credible base for their

manufacturing facilities. Japan has been most active in courting the governments of South East Asia, where it already has significant levels of investment and strong local businesses. Vietnam, with its young, smart, and large population has many attractions for Japan. It is widely expected that Japan will continue in its efforts to woo the Vietnamese government.

As we move forward, expect to see Japan's support for the Vietnamese economy to grow and a subsequent increase in the level of FDI from Japanese companies. Evidence of this was seen recently when the newly elected Japanese premier chose Vietnam as one of the countries to visit on his first overseas trip as premier.

Good Morning, Vietnam!

Whilst much of the last year has understandably been dominated by talk of Myanmar,

Vietnam remains one of the strategic destinations within ASEAN, which should, in time, start to dwarf some of the economies that are currently ahead of them on the curve. With a projected population approaching 100 million, the country not only offers an excellent base for investors seeking to manufacture for export, but it also has the potential to transform into a thriving domestic market that will lead demand for certain products and services within ASEAN – both for B2B and B2C.

Vietnam still has a very bright future and a potential that is still only just starting to take shape.

Goodbye, Vietnam? Far from it!



Reaching the Vietnamese Customer

Rich Cultural Diversity

Vietnam is composed of multi-ethnic groups with vivid cultural elements unique to one another. The "Kinh" people (or "Viet") account for nearly 90% of the population. Other major ethnic groups include the Tay, Thai, Muon, H'Mong, Dzao, and Khmer. Yet, there are



54 more minority ethnic groups living in the country. Each ethnic group's customs and traditions contribute to Vietnam's rich cultural diversity.

Vietnam's population displays almost an equal ratio of men and women. About 70% of the population of Vietnam lives in rural villages while the other 30% reside in cities.

Different from other Asia Pacific nations, the population is beginning to enter "golden population" (where the work force is larger than the number of dependents) and the number of the single-person households in Vietnam is increasing.

Fast facts

Politics: Vietnam is a one-party Communist state; it became unified in 1975 after 3 decades of war.

Economy: It is a major manufacturing centre; it is the second biggest supplier of clothes to the US.



Getting Up Close and Personal

Vietnamese have a distinctive lifestyle. The desire to achieve harmony in their interpersonal connections outside the family group remains their priority. A typical Vietnamese is more concerned with status, for instance, obtaining social standing and education, than with wealth.

They live a "gang-related people" lifestyle. They are likely to imitate what they see and hear from others, especially in terms of approaching something new.

Vietnamese are considered "one of the most curious people" in the world. They are adventurous in trying out new brands.

They can easily try products and services that their family and friends are using. This additionally explains why referral and peer pressure helps to drive the buying behavior of this market.

It is the Vietnamese' cultural values that describe what they believe to be good, right, and desirable.

If you want this market to embrace you, you have to sneak into their culture curtain first.

Reaching the Vietnamese Customer

HE says

In Vietnam, culture and beliefs greatly affect purchase behavior.

This can be seen in the way family purchases are typically determined by the husband or the father's preferences. In this patriarchal system, the husband is seen as the head of the family and tends to be the primary income earner for the family.

The immediate family in Vietnam typically includes the husband's parents, their grown sons' spouses and children – that is three generations under one roof. Purchase decisions can be quite complex for the head of the household.

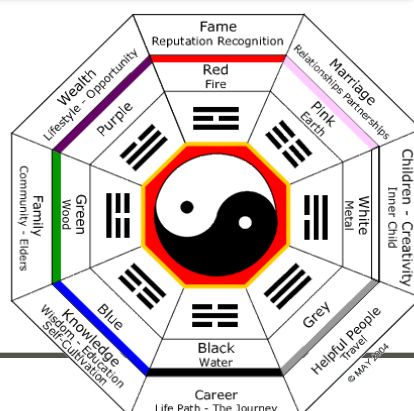
Foreign chills

The Vietnamese are fond of anything foreign: 77% of Vietnamese love foreign brands, while the average in Asia is 40%. There is greater opportunity for new products in Vietnam if they come with established brand awareness in the international scene.

A foreign brand known through word of mouth, promotions, and advertising are more appealing to the

Vietnamese customer. The preference for foreign brands has long existed in Vietnam. More so, increasing purchasing power resulting from the country's economic development means greater accessibility to premium products and services.

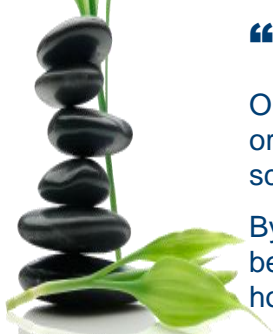
Likewise, the newly emerging affluent classes in Vietnam want to establish themselves as connoisseurs of fashion and use the ownership of foreign brands to show off their wealth and status.



“phong thủy”

One tradition that continually impacts the Vietnamese life is geomancy or *feng-shui*. Known as *phong thủy* to the locals, this is the art and science of living in tune with the environment.

By following phong thủy guidelines, Vietnamese believe that they will be offered the best options in life. This affects purchase decisions for home items and many other life decisions.



Reaching the Vietnamese Customer

Vietnamese consumers tend to prefer imported U.S., Japanese, Korean, and European brands over Chinese products and those made locally even if they are foreign brands.



This is because the association of foreign goods with higher quality – regardless of the facts – is very strong in their minds.

It is for this reason that many prestige foreign brands have entered the market successfully. Famous ones have enjoyed an annual growth rate of 30% in the Vietnamese market.

**DO NOT ASSUME
THAT WHAT WORKS
IN THE NORTH WILL
WORK IN THE
SOUTH**



Despite the mentioned aggressive commonality among the people of Vietnam, cultural differences between the country's regions (northern and southern) should be carefully considered in the development of your marketing platforms.

Northerners tend to view themselves as more formal and refined. They are more concerned about status & appearances and are more conservative and afraid of change.

On the other hand, Southerners are generally more dynamic, direct, and more free in terms of using their money.

Cuisine is a strong point of difference among the regions of Vietnam.

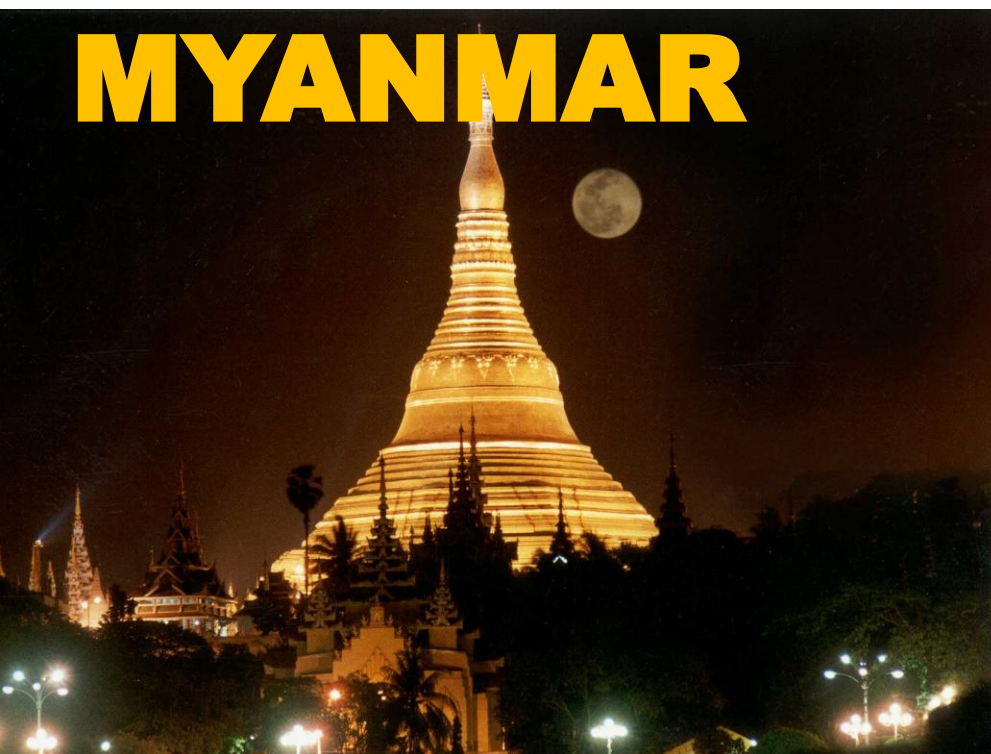
- *Northern Vietnam is considered as the cradle of Vietnam civilization. Many of Vietnam's most famous dishes (such as phở) originated in the North.*
- *The South's cuisine has been influenced by the cuisines of southern Chinese immigrants.*
- *Central Vietnamese cooking, due to its royal setting, uses many side dishes and "garnishing".*

There are also linguistic differences in Vietnam, especially in terms of phonology. Among the three main accents of the North, Central, and South, the Northern and Southern accents are more intelligible to speakers from either region.

But, strangely, the Central accent is often unintelligible to both Northern and Southern speakers.

Vietnamese consumers tend to prefer imported U.S., Japanese, Korean and European brands over Chinese products and "made in Vietnam" products.

A COUNTRY VIEW MYANMAR



"Myanmar's land mass is roughly the size of Britain and France combined and shares borders with 40 percent of the world's population".

Geographic crossroads

Since the days of the British Empire, Myanmar has always been seen as a strategic prize. Myanmar's land mass is roughly the size of Britain and France combined and shares borders with 40 percent of the world's population (2.8 billion people). Sandwiched between the world's two up and coming economic stars; India & China and touching Thailand, Laos & Bangladesh, Myanmar is also endowed with a long coast line that connects the Indian shipping lanes with the Straits of Malacca, one of the world's busiest shipping lines.

In ASEAN, after Indonesia, Myanmar is the second largest country in the 10-member association. With a population of approximately 61 million people (24th largest in the world), 70% is within working age (15-65 years) and are hungry to prove themselves. Couple that with an abundance of natural resources and fertile agricultural land, Myanmar has all the ingredients to be the next ASEAN Tiger.



Consumer market

What's at stake is one of the last big untapped consumer markets. Myanmar today has some of the world's lowest levels of internet and cell phone penetration, as well as underdeveloped roads, ports, hotels, hospitals, schools and electricity.

The recent lifting of economic restrictions means that every industry starts at a clear level playing field. Already global giants such as Coca Cola, Pepsi, Unilever and Nestle are making their presence felt.



Myanmar, a country rejoining the world economic stage is one of the last commercial virgin markets left in the world for new business opportunities and first mover advantages.

As investment and business ventures pour in, the big question is, **who will be left out in the cold because they waited too long on the sidelines?**

What should I invest in?

The new Myanmar Investment law was released in 2012 aimed at making the country more investment-friendly and up till February 2013, the Myanmar government has registered a total of USD 42,095 million in



foreign direct investment commitments. Eighty-five per cent of this is in the power, oil and mining sectors. China & Thailand are Myanmar's biggest investors, together accounting for nearly 50% of all FDI.

Power generation potential

From the four main rivers that flow through the country, there exists enough hydroelectric

potential that could power Thailand, Malaysia & Indonesia combined. According to the Asian Development Bank (ADB), there is a hydroelectric power generating capacity of 100,000 megawatts (MW). Myanmar's current power grid is at approximately 3,000 (MW).

Myanmar also has huge natural gas resources, an estimated 465 million metric tons of coal and considerable geothermal potential.

It's all about the zoning

Three flagship special economic zones have also been established. In Rakhine state, the Kyaukphyu special economic zone & deep sea port, being mainly financed by China, will serve as a direct land route to southern China for container shipments to China by rail and road.

A 771 km long oil and gas pipeline connecting Kyaukphyu and Yunnan nears completion. In Yangon Division, the Thilawa special economic zone, headed by Japan, will mainly be focusing on high tech industries. In Tanintharyi division, the

Dawei special economic zone and deep sea port, an ambitious project partnered together with Thailand, serve as a land bridge for cargo to South Asia bypassing the Straits of Malacca. When it is completed, it is expected to save up to 10 days transit time for shipments.

A very green garden

Fantastic investment opportunities exist for modernizing agribusiness in Myanmar as it is primarily an agricultural economy with almost 40% of its GDP coming from agriculture.

Already there have been investments from New Zealand to upgrade the country's dairy sector. Myanmar was once the world's largest producer of rice, a goal which it strives to attain again one day.

Searching for “authentic” Asia!

With an increased influx of businessmen and tourists, there is now a shortage of hotel rooms in Myanmar and there are many international hotel brands already branding their marks into the landscapes of Yangon, Mandalay and Nay Pyi Daw.

While many of these new properties are not expected to

Economic Outlook

The International Monetary Fund (IMF) has predicted a GDP growth rate of 6.3% in 2013 due to the inflow of foreign investment. The ASEAN region as a whole is expected to average around 7.9% GDP growth. The IMF has noted that inflation has declined rapidly and should be around 6% in 2013.

MYANMAR

be online until 2015, there is also a market for boutique hotels. However, according to the new Myanmar Investment Laws, 3-star hotels or lower can be operated only on a joint venture basis with a Myanmar company.

A new Yangon city 30-year development plan is currently being drawn up in co-operation with the Japan International Construction Agency (JICA).

A USD 300 million Vietnamese investment in a downtown Yangon Commercial Complex and two government housing projects valued at USD 580 million are two examples of up and coming projects. Myanmar's construction industry including the HVAC market is set to boom.

The energy buzz

As Myanmar develops its electrical grid, the government is also implementing programmes such as Solar Energy as an alternative power source to places where the national electric grid cannot reach yet.

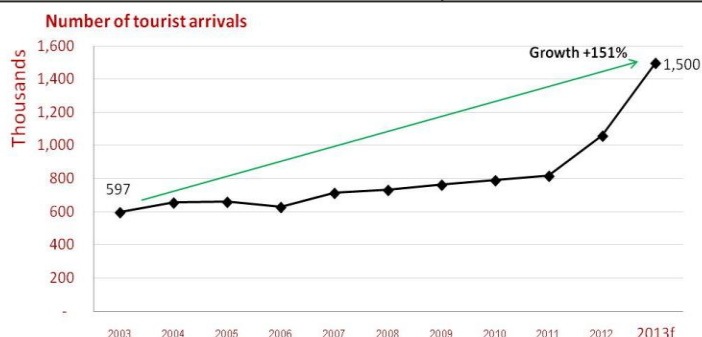
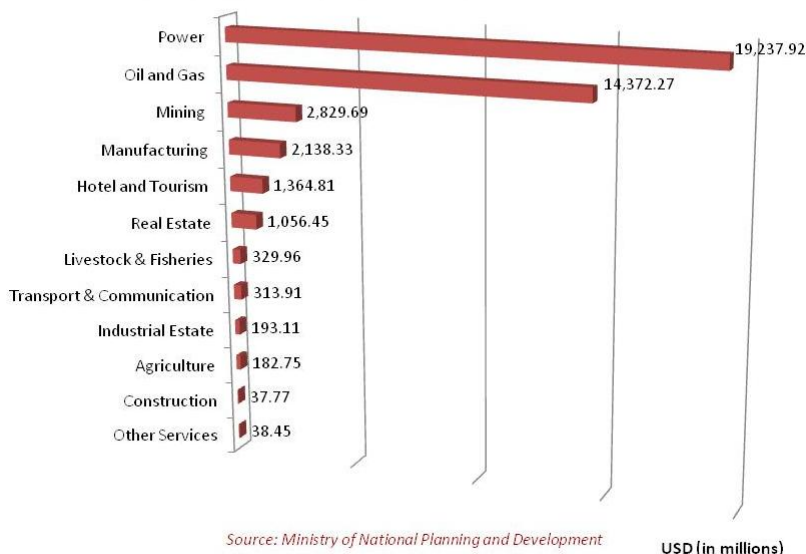
Planes, trains...but first some automobiles

Myanmar's automotive industry is also getting a spurt of growth as the relaxation of import regulations could mean traffic clogged streets. In downtown Yangon, this is now a common sight. There exists many opportunities for Automobile and related industries such as Automobile maintenance and care because of this.

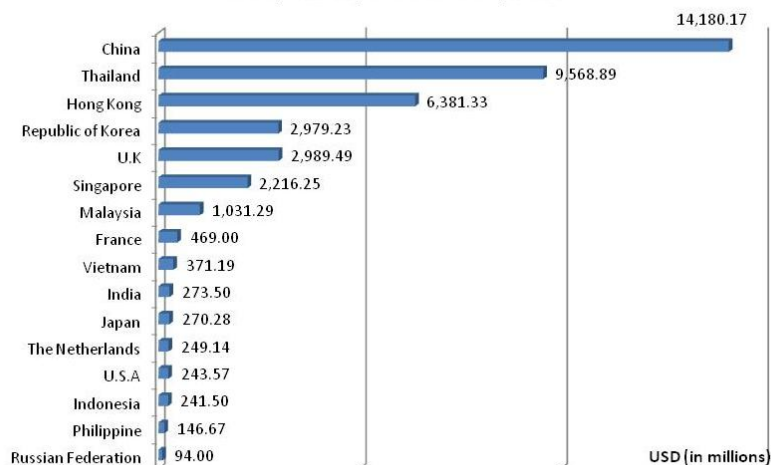
Healthy Growth!

Quality healthcare in Myanmar has still plenty of room to grow. Many foreign hospitals (mainly from Thailand) have already set up partnership agreements with local private hospitals where patients are sent to the correspondent hospital abroad for treatment. The fact that many Myanmar citizens fly to Thailand for medical checkup means there is a gap for investment. Exciting opportunities exist for pharmaceutical medicine and equipment providers.

FDI Investment by Industry as at February 2013



FDI by country as at February 2013

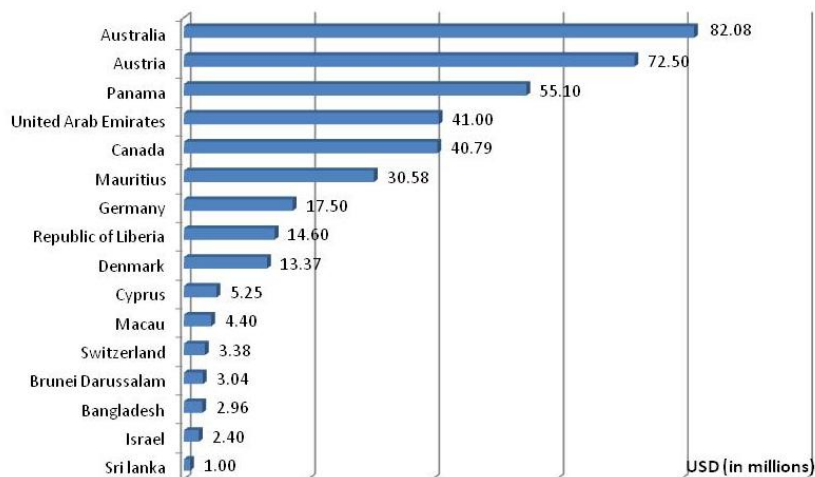


Source: Ministry of National Planning and Development

It's good to talk!

Myanmar's upcoming tender to auction for 4 telecom licenses has attracted huge interest from over 90 companies worldwide submitting their notice of interest. The government has laid an ambitious plan to substantially increase mobile phone penetration rate to 85% within three years.

FDI by country as at February 2013



Source: Ministry of National Planning and Development

Where is the final frontier?

When it comes to the Far East, the current thinking seems to be that Myanmar is indeed the final frontier for the business community. What we have seen last year is a scramble of many companies to secure a place amongst the first movers. But the country offers a perfect opportunity for investors with a long term strategy and there remains a huge amount of untapped potential.



FIND OUT MORE

ASEAN Pulse is published on a quarterly basis by Ipsos Asia Pacific. Research content in this issue was contributed by Ipsos Business Consulting and Ipsos UU (Qualitative Research Specialists).

COPYRIGHT & REPRINTS: All material printed in ASEAN Pulse is protected under the copyright act. All rights reserved. No material may be reproduced in part or in whole without the prior written consent of Ipsos. Permission may be requested through the Singapore office.

For information about the report,
access to an Ipsos office in your market , or
advertising opportunities

Please contact:

Tammy Ho
Business Development Manager
Ipsos Singapore Pte Ltd
tammy.ho@ipsos.com
+ 65 6501 9840



www.ipsosasiapacific.com

Welcome to Ipsos



Ipsos is the only leading independent market research company controlled and managed by research professionals. In October 2011 Ipsos acquired Synovate and the combination formed the world's third largest market research firm.

With Synovate we not only acquired a company, but embraced a team of talented people with ideas, expertise, and approaches who greatly enrich our environment and our partnerships. Ipsos and Synovate are two research agencies with shared values, with huge amount of synergies and a sound understanding of our industry.

For our clients this translates into more and more varied research possibilities. Our talented professionals are working together to implement a widened portfolio of analytic solutions, leverage an advanced operational infrastructure and offer a deeper level of insight in more countries than ever before.

Our shared ambition: to make market research a primary means to understand contemporary society and economy. And to make Ipsos a strategic partner for those who wish to better understand the world and play an active part in it with lasting success.

One activity, six specialisations

Our activity consists of asking the right questions of the right people. It also consists of observing, listening and analysing; this is what our experts in qualitative and quantitative research do every day. Ipsos implements this know-how allied with new technologies in its six specialisations – advertising, customer loyalty, marketing, media, public affairs research, and survey management.

We explore market potential and market trends. We test products and advertising. We help our clients build long term relationships with customers. We study audiences and their perceptions of various media and measure public opinion trends around the globe.

Working both on a global scale and in local markets, our expert teams give our clients the benefit of high value-added business solutions including qualitative, forecasting, modelling, market knowledge and consumer insights.

Ipsos is committed to working with clients to identify the right solutions to their specific challenges. It is a belief that enables us to ask and probe, to subject our hypotheses to rigorous analyses and, finally, to deliver reliable data and the most effective recommendations in the shortest possible time. It also inspires us to innovate, initiate and continuously improve to meet the challenges our clients face.

And with only one aim: providing our clients with the best service, using qualitative or quantitative methods, at local, regional, and international levels. We go beyond the numbers to identify a course of action that will lead to stronger market results.

Our goal is simple: to be our clients' preferred research partners in our areas of specialisation.

More About Us

Founded in France in 1975, Ipsos now has around 16,000 employees with offices in 84 countries. Ipsos has the resources to conduct research wherever in the world our clients do business.

Ipsos has been listed on the Paris Stock Exchange since 1999 and generated global revenues of €1,363 billion (\$1.9 billion U.S.) in 2011.

Visit www.ipsos.com to learn more about Ipsos' offerings and capabilities.

