

## Untapped Potential

*Taiwan banks, investors and manufacturers are expanding their presence in Myanmar.*

BY KELLY HER

PHOTOS BY CHEN MEI-LING

In mid-May, around 1,200 corporate representatives, entrepreneurs and government officials gathered in Myanmar's commercial capital for the Yangon Investment Forum. One of the major highlights of the two-day event was the signing of a memorandum of understanding between Golden Myanmar Investment Co. and Yangon Region Government on the establishment of Yangon Htantabin Technology Park. Set to span about 640 hectares, the development project is expected to





- 01 & 02. Housing Buddhist statues and relics dating back over 2,500 years, the Shwedagon Pagoda is one of the most popular visitor destinations in Yangon.
- 03 The Sule Pagoda is located in the heart of Myanmar's commercial capital.
04. Taiwan investor Jack Wang, left, and U Phyo Min Thein, chief minister of Yangon Region Government, conclude a memorandum of understanding on the establishment of Yangon Htantabin Technology Park at the Yangon Investment Forum May 10.

04. Courtesy of Jack Wang





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include commercial, industrial and residential zones as well as recreational and utility facilities.

According to Taiwan investor Jack Wang (王明祥), president of Golden Myanmar, the company is planning to spend around US\$300 million on constructing the site. The goal is to attract some 300 overseas manufacturers from the electronics, footwear, garment, textile and toy sectors, leading to the creation of roughly 150,000 jobs. "The park will facilitate foreign investment by tackling such barriers as land acquisition and the lack of water and electrical infrastructure," he said. "This project will make significant contributions to regional development and improve quality of life for residents."

Wang is an early believer in Myanmar's economic potential. Also president of Wedtex Industrial Corp., he opened the Taipei City-headquartered company's first Yangon factory 10 years ago. The firm, which specializes in making lace for bridal and high-end dresses, now has four plants in the country and is in the process of relocating further production from China, where labor expenses have soared. "Myanmar boasts low operating costs and a young workforce," he said. "The country is a good investment destination, particularly for

manufacturing, and should remain so for the next 20 to 30 years at least."

### Last Frontier

After decades of isolation under military rule, Myanmar has undergone a series of economic reforms since 2011. "Its massive growth potential has led investors to dub it 'Southeast Asia's last frontier,'" said Chang Chun-fu (張俊福), head of Taipei Economic and Cultural Office (TECO) in Myanmar and Taiwan's representative to the country.

The two sides have expanded relations across the board in recent years, as evidenced by the establishment of the Myanmar Trade Office in Taipei in 2015 and Yangon-based TECO the following year, Chang said. Efforts to deepen ties gained further impetus with the launch of the New Southbound Policy (NSP), he added.

A key plank in the government's national development strategy, the NSP is enhancing Taiwan's agricultural, business, cultural, education, tourism and trade ties with the 10 Association of Southeast Asian Nations member states, six South Asian countries, Australia and New Zealand. Since its introduction in 2016, Taiwan has stepped up medical cooperation, relaxed visa requirements and increased trade promotion missions to the country.

"Myanmar has a population of more than 54 million and is endowed with abundant resources including natural gas, precious stones and timber," Chang said. While investment opportunities abound, he also cautioned that significant obstacles to doing business remain, like foreign exchange controls and inefficient public administration.

David Liao (廖隆銘), director of Taiwan Trade Center (TTC),



Yangon Branch, similarly advised that tapping the Myanmar market is not without risk. “With a median age under 30 and its strategic location between China and India, Myanmar has great potential. Still, investors need to be aware of challenges such as poor infrastructure and a lack of skilled workers.”

Opened in 2013 by the government-supported Taiwan External Trade Development Council (TAITRA), the center is tasked with promoting Taiwan brands through organizing exhibitions, matchmaking sessions and publicity campaigns. It also invites buyers to visit Taiwan for trade shows and procurement meetings, and supports Taiwan businesses operating in the country.

According to Liao, sectors ripe for investment in Myanmar span agricultural machinery, food processing, information and communication technology (ICT) and medical care. TTC is stepping up efforts to promote Taiwan-made products to companies in these fields,



with a particular focus on ICT and manufacturing equipment, he said, adding that the center is planning to increase the number of buyers it invites to visit Taiwan by 63 percent to around 280 this year.

### Seed Investor

To date, about 270 Taiwan enterprises, including 34 companies listed on the Taiwan Stock Exchange, have invested in Myanmar across such industries as agriculture, electronics, footwear and textiles. Interest in the market continues to expand due to factors like rising labor costs in China and Vietnam and the U.S.-China trade war, Liao said.



- 01 & 02. Wang's Wedtex Industrial Corp. operates four factories in Myanmar making lace for bridal and high-end dresses.
- 03. A variety of Taiwan-made products are displayed at Yangon Convention Center Sept. 27-30, 2018. The promotional event was arranged by Taiwan External Trade Development Council (TAITRA) to spotlight the nation's design, manufacturing, marketing and R&D sectors.
- 04. Chang Chun-fu, head of Taipei Economic and Cultural Office in Myanmar and Taiwan's representative to the country, addresses an annual gathering organized by the Myanmar and Taiwan Commerce Organization in Yangon.
- 05. A technician with Taiwan-headquartered Known-You Seed Co., back, right, introduces tomato varieties to Myanmar farmers.
- 06. Kuo Kun-shih, general manager of Known-You's operations in the Southeast Asian country, displays melons cultivated by the company.
- 07. The Taiwan seed producer runs a hospital in Ayeyarwady Region that offers free medical services to underprivileged farmers.

03. Courtesy of Taiwan External Trade Development Council

05 & 07. Courtesy of Known-You Seed Co.





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Among the earliest large-scale Taiwan investors in the country was Known-You Seed Co. The company headquartered in southern Taiwan's Kaohsiung City has developed more than 10,000 hybrid fruit and vegetable varieties and sells seeds for them in some 150 countries and territories. It started offering its products in Myanmar in 1994, officially launching its local division six years later. "Our mission is to help farmers here increase their yields and consequently their incomes as well as provide consumers with healthier, tastier food," said Kuo Kun-shih (郭坤石), general manager of its operations in the Southeast Asian nation.

In addition to several seed production facilities, Known-You runs a demonstration farm and training center to offer free samples and agricultural classes. Tens of thousands of farmers have benefited from these efforts, according to the company. Known-You has carved out an enviable market share, with about 90 percent of watermelon seeds in Myanmar sourced from the firm. "Fruits with the 'Taiwan' label have a reputation for quality, so they tend to fetch higher prices at local markets," Kuo said. "After raising production to meet domestic demand, our next step will be to help local farmers ship

their products overseas and engage in value-added food processing."

Noted for its commitment to corporate social responsibility, Known-You provides much-needed health services, operating a hospital in Ayeyarwady Region that offers free care to underprivileged farmers. It also sends doctors at the medical center to Taiwan for advanced training. "It's gratifying to know that farmers in Myanmar are living healthier and more prosperous lives thanks to our support," Kuo said.

### Banking on Growth

More recent Taiwan investors have been drawn by incentives and relaxed regulations. In 2016, Century Iron and Steel Industrial Co., headquartered in northern Taiwan's Taoyuan City, spent US\$20 million building a plant in Thilawa Special Economic Zone in Yangon Region. The steel structure manufacturer was attracted by benefits like expedited customs clearance, tariff exemptions and tax holidays for the first five years, as well as access to better infrastructure and one-stop administrative services.

Hsu Fa-hsih (徐發信), senior manager of Myanmar Century Steel Structure, which commenced production last year, said that its immediate focus is Taiwan firms looking



to open facilities in the Southeast Asian nation. In the medium term, the company intends to bid on large-scale public works projects such as airports, bridges and ports, he added.

The nation's banks are similarly expanding their presence with an eye on the growing ranks of Taiwan-invested enterprises. Nearly a dozen have set up representative offices to gather market intelligence, with Taipei-headquartered E. Sun Bank the first to establish a branch in the country. Including this outlet opened in 2016, it now operates 28 branches and subsidiaries in nine countries and territories, mostly in Asia. "Myanmar is becoming a destination of choice for not just labor-intensive manufacturers, but also retailers due to anticipated growth in the consumer retail sector," said Jacky Chiang (江元仁), general manager of E. Sun Yangon.

As with Known-You, community engagement is a priority for the company. It organizes regular forums on corporate governance and financial and risk management, and offers internships and scholarships to local university students. Given the favorable economic outlook, E. Sun Yangon is planning to expand its existing office substantially by year-end to add a business services center. "Our goal is to develop a network of Southeast Asian branches so we can provide comprehensive financial and

investment services to companies operating throughout the region," Chiang said.

Christopher Ho (何廷貴), president of the Myanmar Taiwanese Business Association, has witnessed the transformation of the local economy since launching an electronics trading firm there in 1992. He expressed optimism about the likelihood of further liberalization, and pointed to Wang's Yangon Htantabin development project as a major milestone for Taiwan investment in the country. "The technology park will allow companies to deepen collaboration and share experiences and resources," he said. "This will help further strengthen their export competitiveness and build a brighter future for Myanmar." 15

- 01 & 02. Hsu Fa-hsih, left, senior manager of Myanmar Century Steel Structure, inspects a production line at the company's plant in Thilawa Special Economic Zone in Yangon.
- 03. Christopher Ho, president of the Myanmar Taiwanese Business Association
- 04. Jacky Chiang, center, general manager of E. Sun Yangon, is working to expand the branch of the Taiwan-based bank to include a business services center.
- 05. Bogyoke Aung San Market in Yangon offers a broad selection of fabrics, jewelry and souvenirs.

