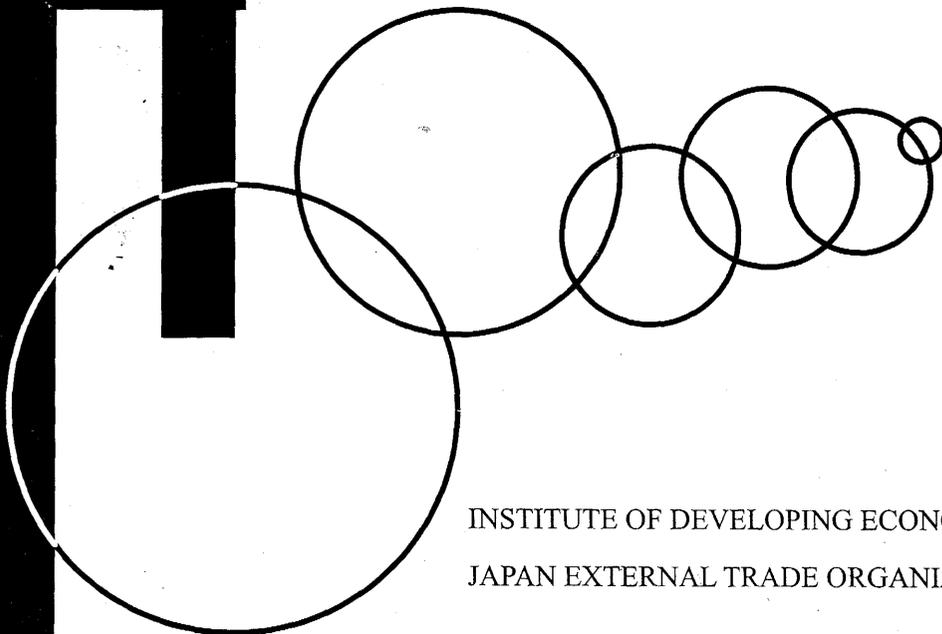


ASEDP NO.64

**INDUSTRIAL DEVELOPMENT IN MYANMAR (2):
PROSPECTS AND CHALLENGES**

Edited by
TOSHIHIRO KUDO



INSTITUTE OF DEVELOPING ECONOMIES
JAPAN EXTERNAL TRADE ORGANIZATION

ASEDP NO. 64

**INDUSTRIAL DEVELOPMENT IN MYANMAR (2):
PROSPECTS AND CHALLENGES**

Edited by

TOSHIHIRO KUDO

**INSTITUTE OF DEVELOPING ECONOMIES
JAPAN EXTERNAL TRADE ORGANIZATION
CHIBA, JAPAN**

CONTECTS

ACKNOWLEDGEMENT

INTRODUCTION

Chapter 1: Creating and Reviewing Entrepreneurs in Myanmar	1-42
1. Introduction	1
2. Myanmar definition of Entrepreneurs	2
3. The role of entrepreneurs in Myanmar Economy	4
3.1 <i>Contribution to GDP</i>	4
3.2 <i>Trade deficit</i>	5
3.3 <i>Generation of Foreign Exchange and value of the Kyat</i>	6
4. The make up of an entrepreneur	6
4.1 <i>Numbers of business owners</i>	8
4.2 <i>Sex of business owners</i>	9
4.3 <i>Age profile</i>	9
4.4 <i>Race of business owners</i>	9
4.5 <i>Education of business owners</i>	10
5. Review of the top entrepreneur under 40 years old	11
5.1 <i>Origin</i>	12
5.2 <i>Essence / Drive</i>	14
5.3 <i>Competition</i>	17
5.4 <i>Company survival without you</i>	17
5.5 <i>Long Term Focus</i>	18
5.6 <i>Importance of International Exposure</i>	19
6. Factors leading to business success/failure	20
6.1 <i>Factors for becoming successful</i>	20
6.2 <i>Reasons for failure</i>	21
6.3 <i>Environment for Development</i>	22
6.4 <i>Plans for Development</i>	24

7. Major difficulties preventing entrepreneurs from emerging	26
7.1 <i>Difficulties that a new entrepreneur can face</i>	29
8. The role of education in breeding entrepreneurs	30
8.1 <i>Primary Education from the ages of 5 to 11</i>	31
8.2 <i>Secondary Education from the ages of 11 to 16</i>	31
8.3 <i>Tertiary Education 16-18</i>	32
8.4 <i>Higher Professional Education+18</i>	32
8.5 <i>Language Skills</i>	33
9. Recommendation on initiatives to create entrepreneurs	33
9.1 <i>Creating an entrepreneur developing organisation</i>	33
9.2 <i>Incentives for promoting business initiatives schemes</i>	35
9.3 <i>Entrepreneurship training during education</i>	36
9.4 <i>Business awards and true entrepreneurship publicity</i>	37
9.5 <i>Opening up of selected government control industries</i>	37
10. Conclusion	39
Chapter 2: Agro-Industry	43-98
I. The Need For Development of Industries In Myanmar	43
1.1 <i>National Economic Objectives & Goal</i>	43
1.2 <i>Why Industrialization is Needed</i>	44
1.3 <i>Justification for Development of Agro-based Industries in Myanmar</i>	45
1.4 <i>What is agro-based industrialization after all?</i>	48

2.	Historical Evolution of Industrial Policy: an Overview	51
	2.1 <i>The British Colonial Period</i>	51
	2.2 <i>Independence Period: 1948/1962</i>	53
	2.3 <i>Socialist Period: 1962 /1988</i>	53
	2.4 <i>The SLORC/SPDC Period: Since 1988 to date</i>	55
3.	The Present State Of Industry In Myanmar.	58
	3.1 <i>General situations of industries</i>	58
	3.1.1 <i>Formation, Types & Performance</i>	
	3.1.2 <i>General situations of Industries</i>	
	3.1.3 <i>General Industrial Performance</i>	
	3.2 <i>Agro-Based Industry Situation</i>	62
	3.2.1 <i>Classification by Ownership</i>	
	3.2.2 <i>Food Processing Industry</i>	
	3.3 <i>The State Manufacturing Sector</i>	74
4.	Situation of Selected Major agro-Industries In Myanmar	77
	4.1 <i>Rice Industry</i>	77
	4.2 <i>Edible Oil Industry</i>	79
	4.3 <i>Sugar Industry</i>	80
	4.4 <i>Textile Industry</i>	83
	4.5 <i>Jute Industry</i>	86
	4.6 <i>Other Minor Agro-Industries</i>	87
	4.6.1 <i>Food Processing</i>	
	4.6.2 <i>Agricultural Machinery & Equipment</i>	
5.	Evaluation	88
	5.1 <i>Evaluation</i>	88
	5.2 <i>Constraints</i>	91
6	Conclusion	95

Chapter 3:	Myanmar Sugar Industry : Status, Issues & Challenges	99-146
1.	Introduction	99
2.	Historical Background	101

3. Early White Sugar Factories	102
4. Emerging and Stagnant Industry	103
5. The Expanding Industry	107
6. Sugarcane Growing Regions	119
7. The Factory Location Factor	121
8. Sugarcane Procurement System (SEEs)	122
9. Sugarcane Assembly Pattern (SEEs & SMEs)	123
10. Sugar Production as a System	125
11. Cane Purchasing Price	128
12. Transport Burden on Cane Growers	129
13. Socio-economic status of Sugarcane Growers	132
14. Cost of Sugar Production (SEEs & SMEs)	133
15. Core Problem Analysis	137
16. Conclusion	141

Chapter 4: Agricultural Machinery In Myanmar 147-196

1. Introduction	147
2. History of Agricultural Machinery Industry in Myanmar	148
2.1 <i>Pre 1948 (Hanomag tractor)</i>	148
2.2 <i>1948 to March 1962</i> <i>(Department of Agriculture procured</i> <i>tractors from abroad)</i>	148
2.3 <i>March 1962 to March 1964</i> <i>(ARDC and Wholesaler Cooperative's</i> <i>joint program)</i>	150
2.4 <i>March 1964 to 1980/81 (From</i> <i>Wholesaler's Cooperative to ARDC)</i>	151
2.5 <i>1980/81 to September 1988 (From</i> <i>ARDC to the Village Farm Cooperatives)</i>	152

3. Overview	153
4. Agricultural Machinery Industry in Government Sector	155
4.1 <i>Introduction</i>	155
4.2 <i>Agriculture Mechanization Department</i>	156
4.3 <i>Farm Mechanization program (By Government sector)(Post 1988)</i>	158
4.4 <i>Production of the farm machineries</i>	163
5. Agriculture Machinery Industry in Private Sector	167
5.1 <i>History of utilization of agriculture machinery</i>	169
6. The Industry Contribution to Myanmar Economic Development	173
7. Current Status of Agricultural Machinery Industry	178
8. Difficulties and Remedies	182
9. Recommendation for development and competitiveness	185
10. Conclusion	187
11. Appendix	189
Chapter 5: Automobile Industry In Myanmar	197-224
1. Introduction	197
2. History of automobile industry	198
3. The Importance of the Automobile Industry in Myanmar	199
3.1 <i>Contribution to GDP</i>	199
3.2 <i>Dominance in the Transportation Industry</i>	201
3.3 <i>Possible Contribution of the Automobile Industry to much needed foreign exchange & tax revenue</i>	202

3.4	<i>Future consideration of highways as a major trade route</i>	203
4.	Supporting industries for the automobile Industry	204
4.1	<i>Current situation</i>	204
4.2	<i>Number of industries</i>	205
4.3	<i>Employment & human resource development</i>	207
5.	Current situation of the automobile Industry	207
5.1	<i>Number of Automobiles</i>	207
5.1.1	<i>Passengers Cars</i>	
5.1.2	<i>Commercial Vehicles</i>	
5.1.3	<i>Buses</i>	
5.1.4	<i>Motorcycles</i>	
5.2	<i>Importation of automobiles</i>	215
5.3	<i>Cost of automobiles</i>	217
5.4	<i>Local manufacturing</i>	218
5.5	<i>Impact of current restrictions</i>	219
6.	Recommendation for developing the automobile industry	220
6.1	<i>Importation of automobiles</i>	220
6.2	<i>Development of road works & highways</i>	221
6.3	<i>Review of car/road tax & fuel costs</i>	221
6.4	<i>Introduction of an Automobile Association</i>	222
7.	Conclusion	223
Chapter 6:	Media Industry In Myanmar	225-258
1.	Introduction: Aim of paper	225
2.	History of the Media Industry	225
3.	Growth Trends of Myanmar's Commercial Media Industry	227
4.	Structure of Myanmar's Commercial Media Industry	229

5. Television Advertising	231
6. Press Advertising: Newspapers	237
7. Press Advertising: Journals	241
8. Press Advertising: Magazines	245
9. Outdoor Advertising	249
10. Conclusions	251

**Chapter 7: Industrial Development In Myanmar:
The Case of Hlaing Tharyar & South Dagon
Industrial Zones 259-282**

1. Introduction	259
2. The Role of Myanma Industries	260
2.1 1948 to 1962	260
2.2 1962 to 1988	261
2.3 1988 to 2001	262
2.4 <i>Industrial sector in Myanmar Economy</i>	263
3. Establishment of Industrial Zones	264
3.1 <i>The Activities of Department of Human Settlement and Housing Development</i>	265
3.2 <i>Establishing Industrial Zones & uplift of private industry sector</i>	266
4. The Study on the Selected Industrial zones In Yangon Division	268
4.1 <i>Background of the Hlaing Tharyar Industrial Zone</i>	269
4.2 <i>Background of the South Dagon Industrial Zone (1), (2), (3) & Dagon Seikkan Industrial Zone</i>	272
4.3 <i>Investment of selected industries</i>	275
4.4 <i>Production of selected industries</i>	276
4.5 <i>Marketing capability of selected industries</i>	277

4.6	<i>Labour utilization of selected industries</i>	278
4.7	<i>Financial status of selected industries</i>	279
5.	Conclusion	280
Chapter 8:	Industrial Development In Monywa	283-323
1.	Introduction	283
2.	Objectives	284
3.	Industrial Development in Monywa	285
3-1.	<i>Geographical Features</i>	285
3-2.	<i>Set-up of Monywa Industrial Zone</i>	288
3-3.	<i>Development Undertakings of Monywa Industrial Zone</i>	289
3-4.	<i>Investment, Production and Operation</i>	290
3-4-1.	<i>Bank Loans</i>	
3-4-2.	<i>Provision of Raw Materials</i>	
3-4-3.	<i>Production of Farm Machinery</i>	
4.	Industries of the Monywa Industrial Zone	292
4-1.	<i>Textile Industry Group</i>	297
4-2.	<i>Flour Mills</i>	299
4-3.	<i>Gram Grinding Mills</i>	301
4-4.	<i>Vermicelli Mills</i>	301
4-5.	<i>Noodle Factories</i>	303
4-6.	<i>Edible Oil Mills</i>	305
4-7.	<i>Welding Workshops & Other Industries</i>	306
5.	Beans and Pulses Market	307
5-1.	<i>Domestic Market</i>	307
5-1-1.	<i>Major Markets</i>	
5-1-2.	<i>Mandalay Market</i>	
5-1-3.	<i>Monywa Market</i>	
5-1-4.	<i>MAPT Market</i>	
5-1-5.	<i>Prices</i>	
5-2.	<i>Export Market</i>	315
5-2-1.	<i>Black Matpe Market</i>	

5-2-2. <i>Pigeon Pea Market</i>	
5-2-3. <i>Green Gram Market</i>	
5-2-4. <i>Butter Bean Market</i>	
5-2-5. <i>Gram Market</i>	
5-2-6. <i>Black-Eyed Bean Market</i>	
5-2-7. <i>Other Myanmar Beans & Pulses Market</i>	
5-3. <i>Market Research</i>	318
5-3-1. <i>Research on Production and Trade of Crops</i>	
5-3-2. <i>Information on Competitors</i>	
5-3-3. <i>Market Research Project</i>	
6. <i>Conclusion</i>	320

Institute of Developing Economies, Japan External Trade Organization
3-2-2, Wakaba, Mihama-ku, Chiba-shi, Chiba 261-8545, Japan
All rights reserved. Published 2002

IDE-JETRO

ISBN 4-258-55064-7 C3033