

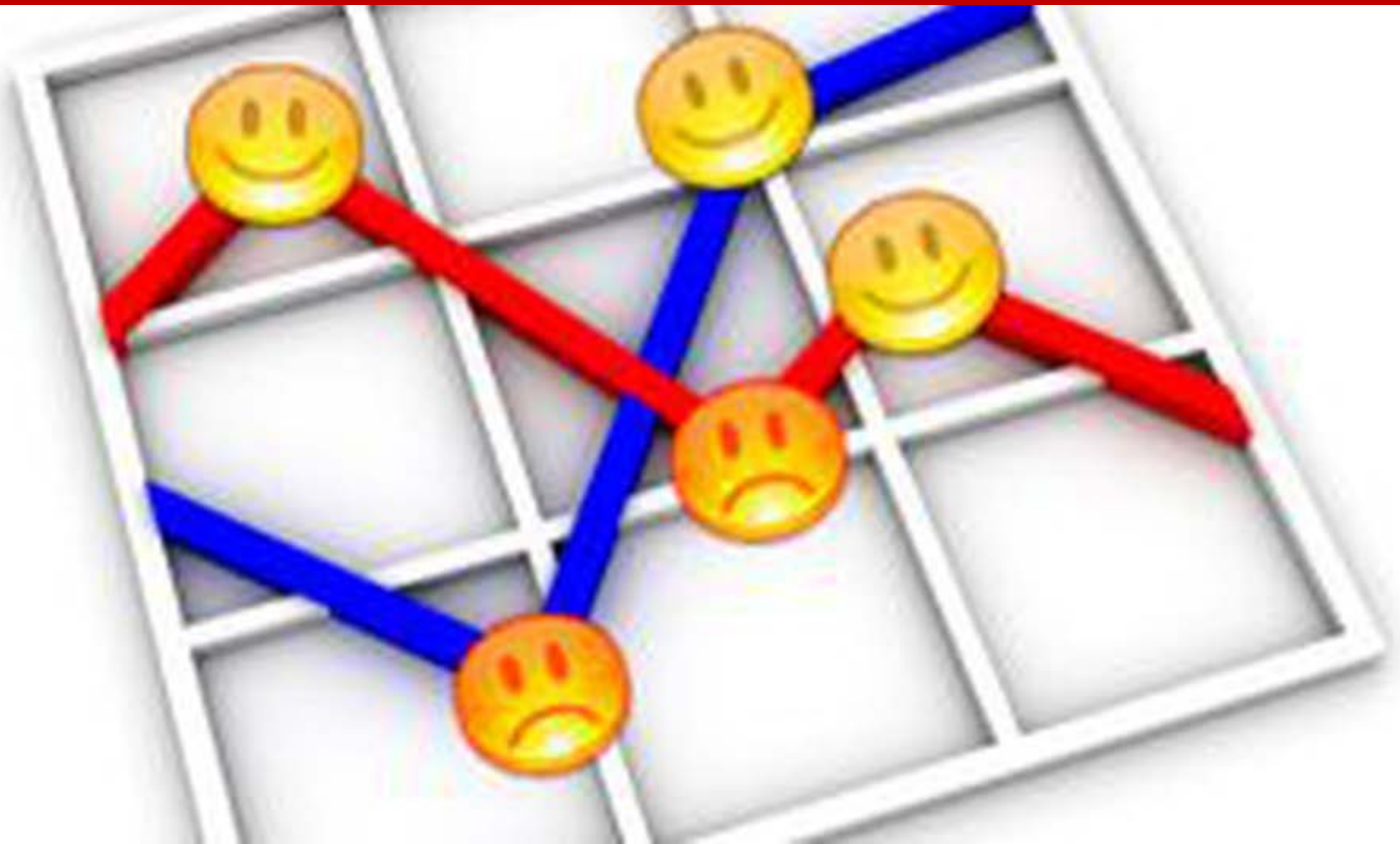


ပြည်ထောင်စု သမ္မတမြန်မာနိုင်ငံ  
ကုန်သည်များနှင့် စက်မှုလက်မှုလုပ်ငန်းရှင်များအသင်းချုပ်

THE REPUBLIC OF THE UNION OF MYANMAR FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY

# Business Sentiment Survey Summary -2018 Q2

Undertaken by UMFCCI Local Industries Development Committee





# Presentation Flow

1. What is Business Sentiment Survey?
2. How are Businesses Doing?
3. Reasons for Not Doing Well
4. Confidence in Business Growth in Next 12 Months
5. Reason for Not Being Confident
6. Kyat Depreciation against USD
7. Level of Understanding on Taxation
8. Money supply form informal market
9. Awareness regarding Labour Rights
10. The Key Areas to be Prioritized by UMFCCI
11. Major Findings



# 1. What is Business Sentiment Survey?

- This survey is the tool to measure the condition of businesses in Myanmar.
- Conducted three surveys – 1<sup>st</sup> survey in Feb 2016; 2<sup>nd</sup> survey in June 2017; 3<sup>rd</sup> survey in May 2018
- Done with email invitations. 17 questions are included in the survey and it took 10 minutes in average to complete the survey.
- Contacted 31,552 businesses of which 2,535 responded.

YEAR	2016	2017	2018 1 <sup>st</sup> QTR	2018 2 <sup>nd</sup> QTR
Sample n=	103	327	1,464	2,535
Manufacturing	25%	22%	19%	17%
Services	47%	31%	46%	48%
Trading (Export)	8%	6%	11%	9%
Trading (Import)	20%	41%	23%	23%

As respondents upped to 2,535 this year, the survey reflects the actual situation in the business environment better than previous surveys.



# Manufacturing

## Top 10 Businesses respondent for Manufacturing Sector

	Top 10 Businesses Respondents		Percentage
1.	Clothing & Garment		25%
2.	Food & Beverages		18%
3.	Construction Materials		10%
4.	Agricultural Products		8%
5.	Printing and Publishing		5%
6.	Electrical Goods		6%
7.	Consumer Goods		4%
8.	Household Goods		4%
9.	Machinery & Equipment		4%
10.	Mining		2%

**n = 474**























## Top 10 Businesses respondent for Service Sector

	Top 10 Businesses Respondents	Percentage
1.	Construction Service 	22%
2.	Hotel & Tourism 	24%
3.	Legal & Business Services 	7%
4.	Logistics and Transportation 	10%
5.	Education Services 	4%
6.	Telecommunication 	5%
7.	Banking and Finance 	3%
8.	Entertainment 	3%
9.	Healthcare Services 	2%
10.	Catering Services 	1%

n = 1007



# Export and Import Sector

No.	Export Sector	Import Sector
1.	Pulse & Bean 	Medicine 
2.	Rice 	Electric Equipment 
3.	Garment 	Car Accessories 
4.	Fisheries 	Construction materials 
5.	Wood 	Stainless Steel 
6.	Bamboo 	Paper & Stationary 
7.	Ginger 	Phone Accessories 
8.	Fruits and Vegetables 	Machinery Equipment 
9.	Coffee 	FMCG Product 
10.	Food and Beverage 	Car Import 

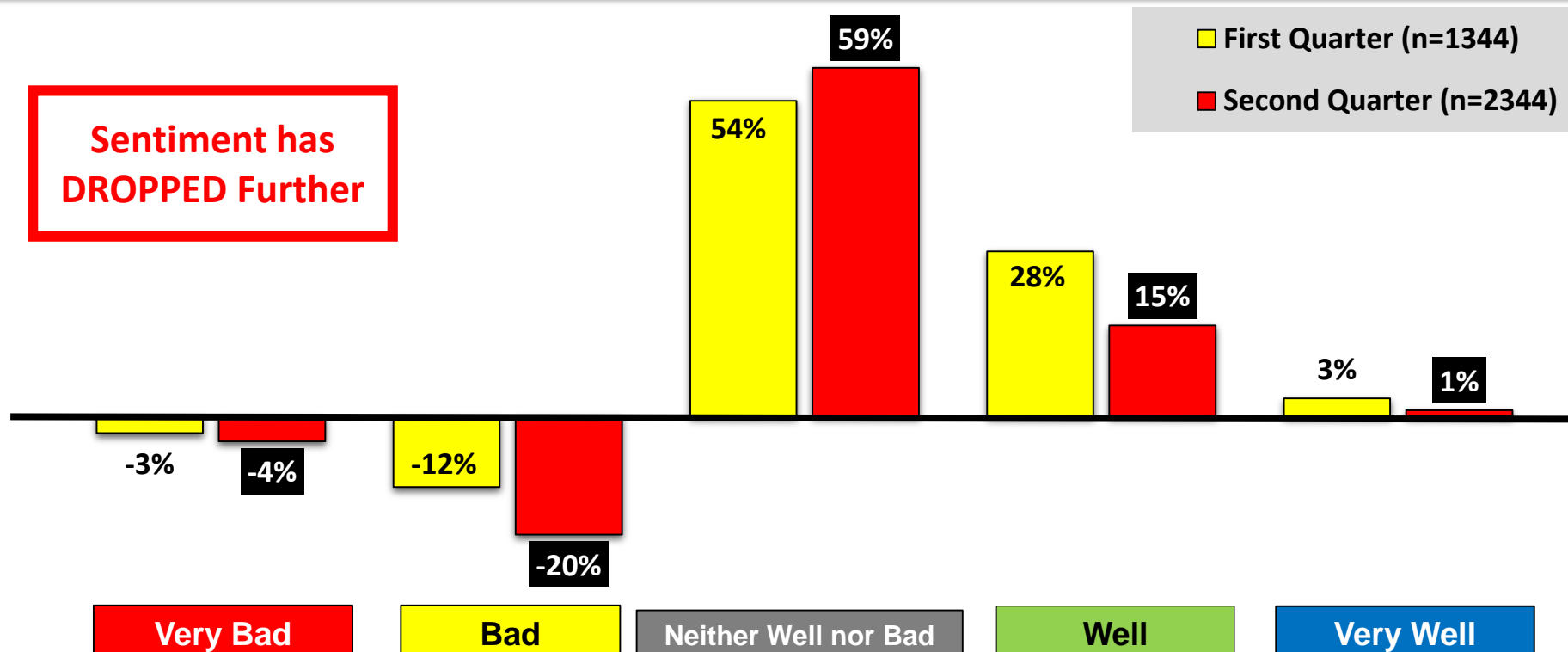


Source: In  
depth  
Interviews  
(n=319)



## 2.How are Businesses Doing?

Q4. How WELL is your business doing?



- Businesses appear to show less development compared to the first quarter.
- Businesses in every industry continue to decline, with **Manufacturing** the worst.
- Depreciation of MMK, inflation and record high cost increases are all taking their toll.
- Rising costs have had ramifications– many are considering reducing staff or other means to cut costs



## 2.How are Businesses Doing?

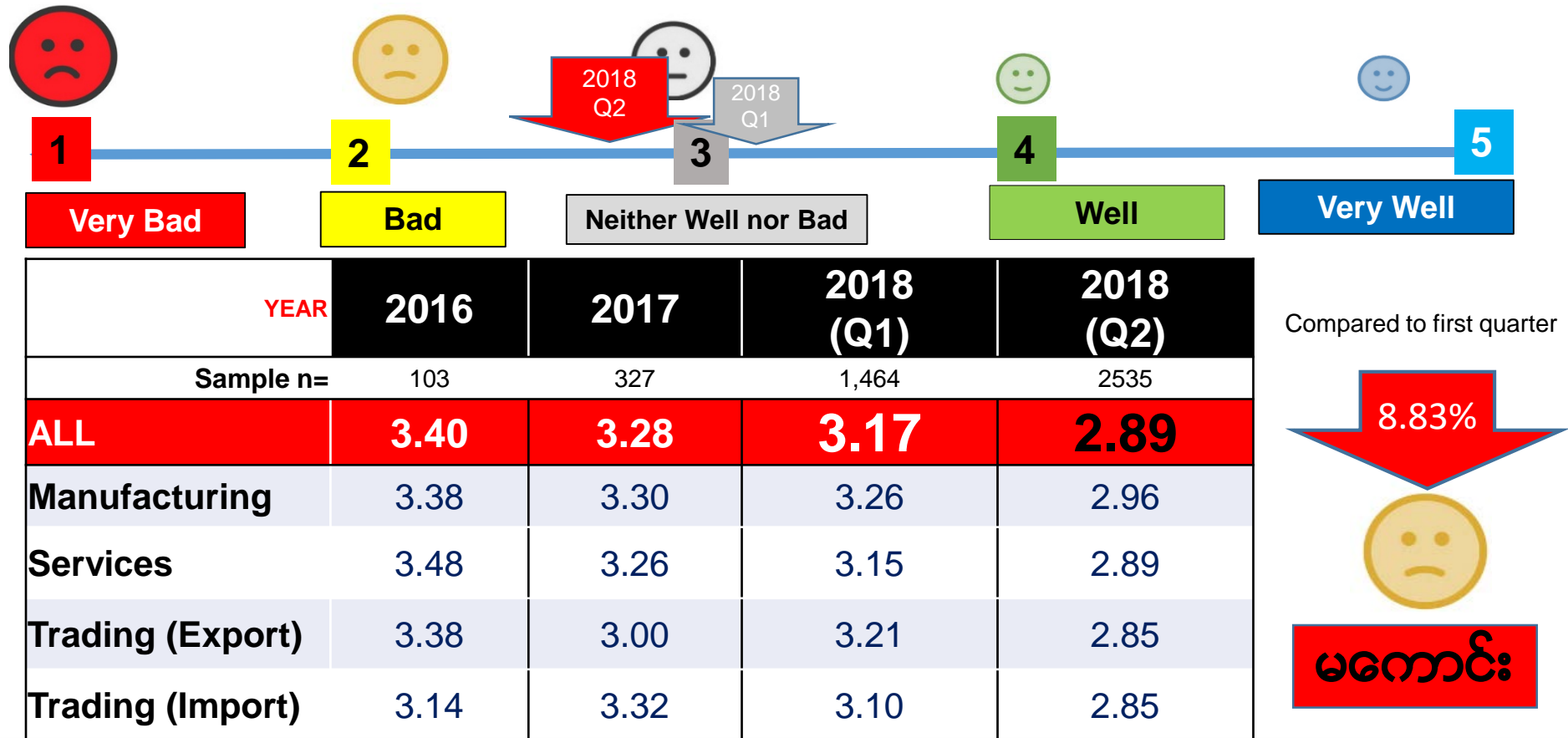
Q4. How WELL is your business doing?

	Overall Business Conditions within 3 years (4 surveys)			
	2016	2017	2018	
			Q1	Q2
Very Bad	1%	1%	3%	4%
Bad	6%	9%	12%	20%
Neither well nor bad	53%	54%	54%	59%
Well	34%	32%	28%	15%
Very Well	6%	4%	3%	1%





## 2.How are Businesses Doing?



- Businesses in Myanmar are still long from well.
- According 2018 2<sup>nd</sup> Quarter Survey, business performances are still declined and also the worst in 2018 2<sup>nd</sup> Quarter Survey.
- Businesses are still having a challenge to do well.

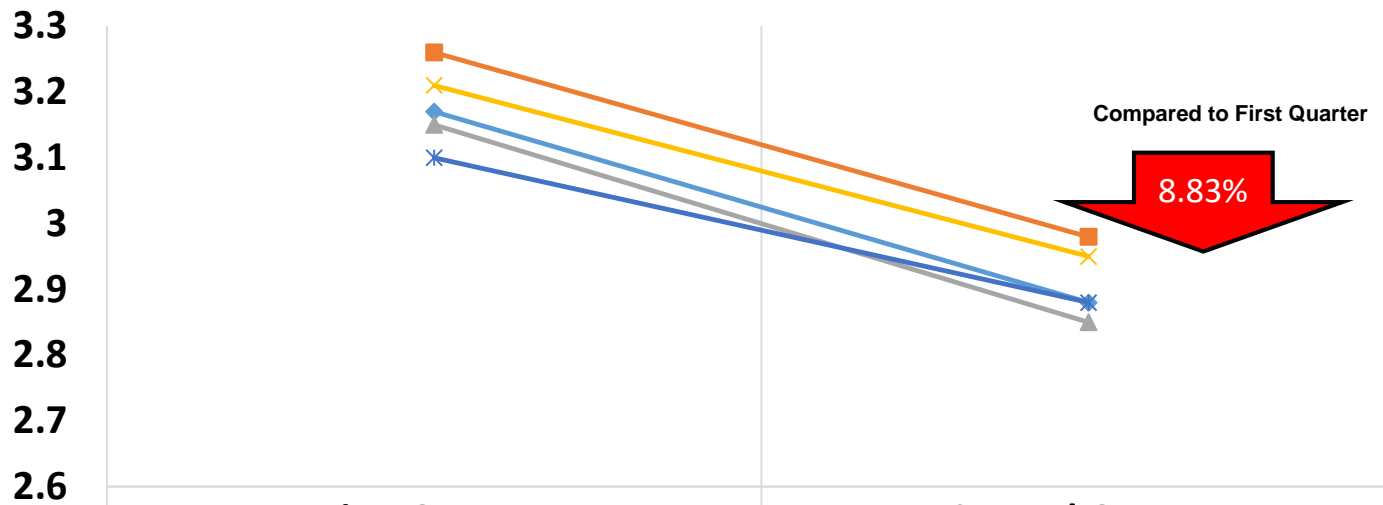


# How Businesses Are Doing

Q4. How WELL is your business doing?

—◆— Total    —■— Manufacturing    —▲— Service    —✕— Trading (Export)    —✱— Trading (Import)

n = 2344



	First Quarter	Second Quarter
◆ Total	3.17	2.88
■ Manufacturing	3.26	2.98
▲ Service	3.15	2.85
✕ Trading (Export)	3.21	2.95
✱ Trading (Import)	3.1	2.88

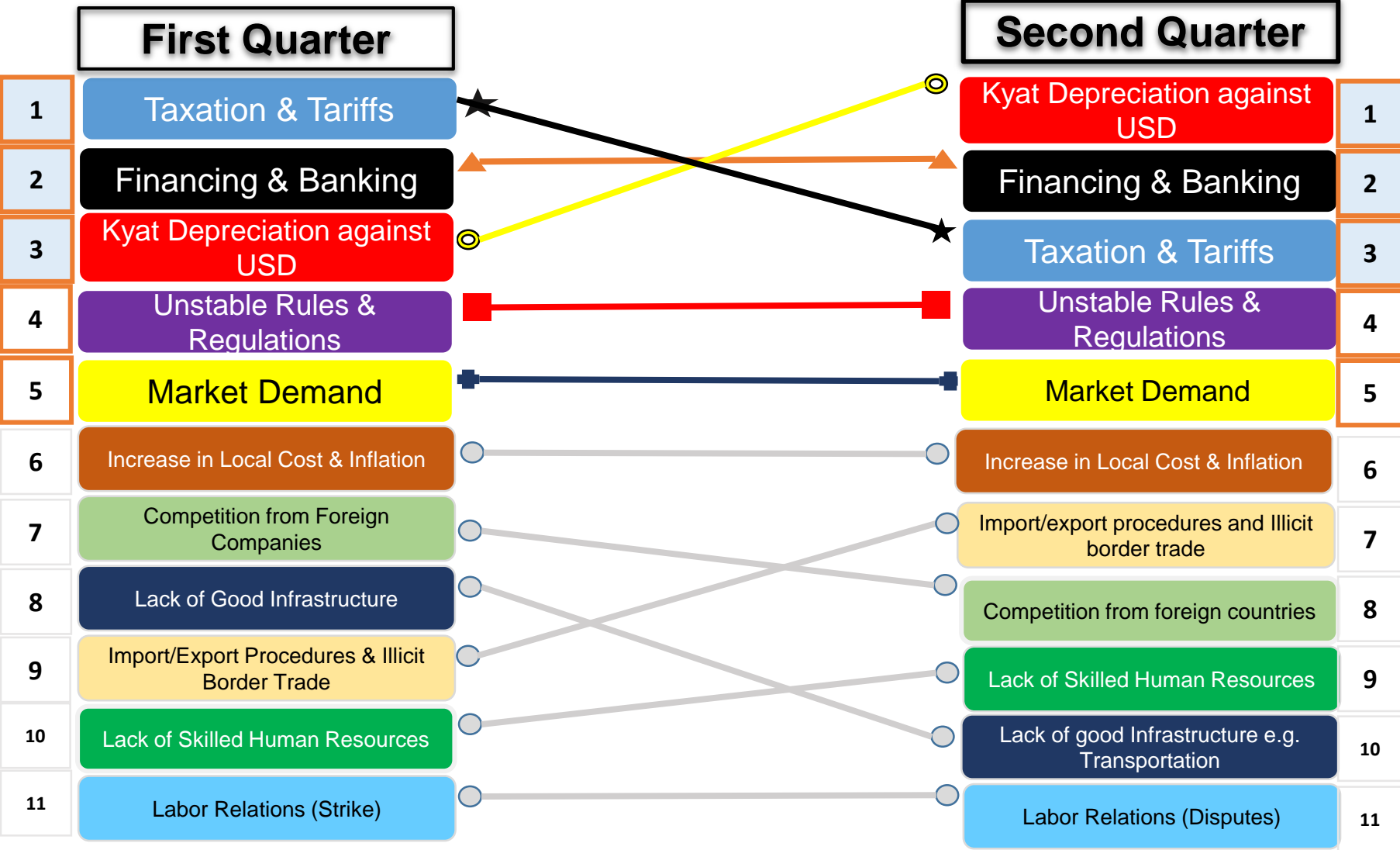
Every Type of Business BAD





### 3. Reasons for Not Doing Well













Q5. For those that said, Neither Well or Bad, Bad, Very Bad what are the MAIN reasons?





# 3. Reasons for Not Doing Well

Q5. For those that said, Neither Well or Bad, Bad, Very Bad what are the MAIN reasons?

Reasons	Scores Q1	Scores Q2
 Kyat Depreciation against US\$	8.19	10.93
 Financing and Banking e.g Credit Facilities	8.31	10.34
 Taxation and Tariffs	8.41	9.99
 Unstable Rules and Regulations	8.12	9.87
 Market Demand	7.83	9.67
 Increase in Local Cost and inflation	7.17	9.42
 Import/export procedures and Illicit Border Trade	7.45	8.95
 Competition from Foreign Companies	6.19	8.15
 Lack of Skill Human Resources	6.05	7.75
 Lack of good Infrastructure e.g. Transportation	5.51	7.04
 Labor Relations (Disputes)	-	4.90
 None of the Above	-	3.40

n=1,654

# Manufacturing

Q5. For those that said, Neither Well or Bad, Bad, Very Bad what are the MAIN reasons?

		First Quarter	Second Quarter		
1	Kyat Depreciation against USD	8.68	10.31	↑	16%
2	Increase in Local Cost and Inflation	7.8	10.14	↑	23%
3	Financing and Banking	8.39	9.96	↑	16%
4	Taxation and tariffs	8.52	9.91	↑	14%
5	Unstable Rules and Regulations	8.07	9.52	↑	15%
6	Market Demand	7.54	9.51	↑	21%
7	Import/export procedures and Illicit border trade	7.9	8.96	↑	12%
8	Lack of skilled human resources	6.57	8.28	↑	21%
9	Competition from foreign companies	6.58	7.99	↑	18%
10	Lack of good infrastructure e.g. Transportation	5.77	7.87	↑	27%

**n = 298**

- The manufacturing sector, exposed to import costs and fluctuations in exchange rates continues to deteriorate.
- Businesses believe Kyat depreciation has hit them hard - the survey shows that **52%** of dollar usage is from importation of goods and raw materials

Q5. For those that said, Neither Well or Bad, Bad, Very Bad what are the MAIN reasons?

		First Quarter	Second Quarter		
1	Increase in Local Cost and Inflation	6.64	10.41	↑	36%
2	Kyat Depreciation against USD	8.2	10.34	↑	21%
3	Unstable Rules and Regulations	8.03	10.14	↑	21%
4	Import/export procedures and Illicit border trade	6.9	10.04	↑	31%
5	Financing and Banking e.g. credit facilities	8.07	9.61	↑	16%
6	Lack of skilled human resources	6.25	9.34	↑	33%
7	Market Demand	7.42	8.41	↑	12%
8	Lack of good infrastructure e.g. Transportation	5.6	8.35	↑	33%
9	Taxation and tariffs	8.11	8.23	↑	1%
10	Competition from foreign companies	6.37	6.93	↑	8%
n = 751					

- Service business performance declined, construction, hotel & tourism, and logistics & transportation expressing things had become significantly worse
- High transportation cost buoyed by higher fuel price are challenging service businesses.
- High tax and bank interest rates remain as major challenges

Score: Weighted Average

# Trading (Export)

Q5. For those that said, Neither Well or Bad, Bad, Very Bad what are the MAIN reasons?

		First Quarter	Second Quarter		
1	Kyat Depreciation against USD	8	11.41	↑	30%
2	Financing and Banking	8.85	10.89	↑	19%
3	Taxation and Tariffs	9.05	10.78	↑	16%
4	Market Demand	8.11	10.12	↑	20%
5	Import/export procedures and Illicit border trade	7.82	9.96	↑	21%
6	Unstable Rules and Regulations	8.27	9.77	↑	15%
7	Increase in Local Cost and Inflation	7.26	9.38	↑	33%
8	Competition from foreign companies	6.25	8.33	↑	25%
9	Lack of good infrastructure e.g. Transportation	5.67	7.48	↑	24%
10	Lack of skilled human resources	6.18	6.71	↑	8%

n = 174

- Decreased demand – decline in rice export, whereas beans and pulses export to India has been stopped
- High taxation rates; Increased bargaining power of consumers – feeling they have no choice but to continue operating by reduced prices.

Score: Weighted Average

# Trading (Import)

Q5. For those that said, Neither Well or Bad, Bad, Very Bad what are the MAIN reasons?

		First Quarter	Second Quarter		
1	Kyat Depreciation against USD	8.02	11.85	↑	32%
2	Taxation and Tariffs	8.84	10.33	↑	14%
3	Financing and Banking	8.6	10.24	↑	16%
4	Unstable Rules and Regulations	8.46	9.62	↑	12%
5	Import/export procedures and Illicit border trade	7.61	9.57	↑	20%
6	Increase in Local Cost and Inflation	7.03	9.16	↑	23%
7	Market Demand	8.11	9.08	↑	11%
8	Competition from foreign companies	8.11	7.83	↓	-4%
9	Lack of skilled human resources	5	6.73	↑	26%
10	Lack of good infrastructure e.g. Transportation	4.89	6.59	↑	26%

n = 431

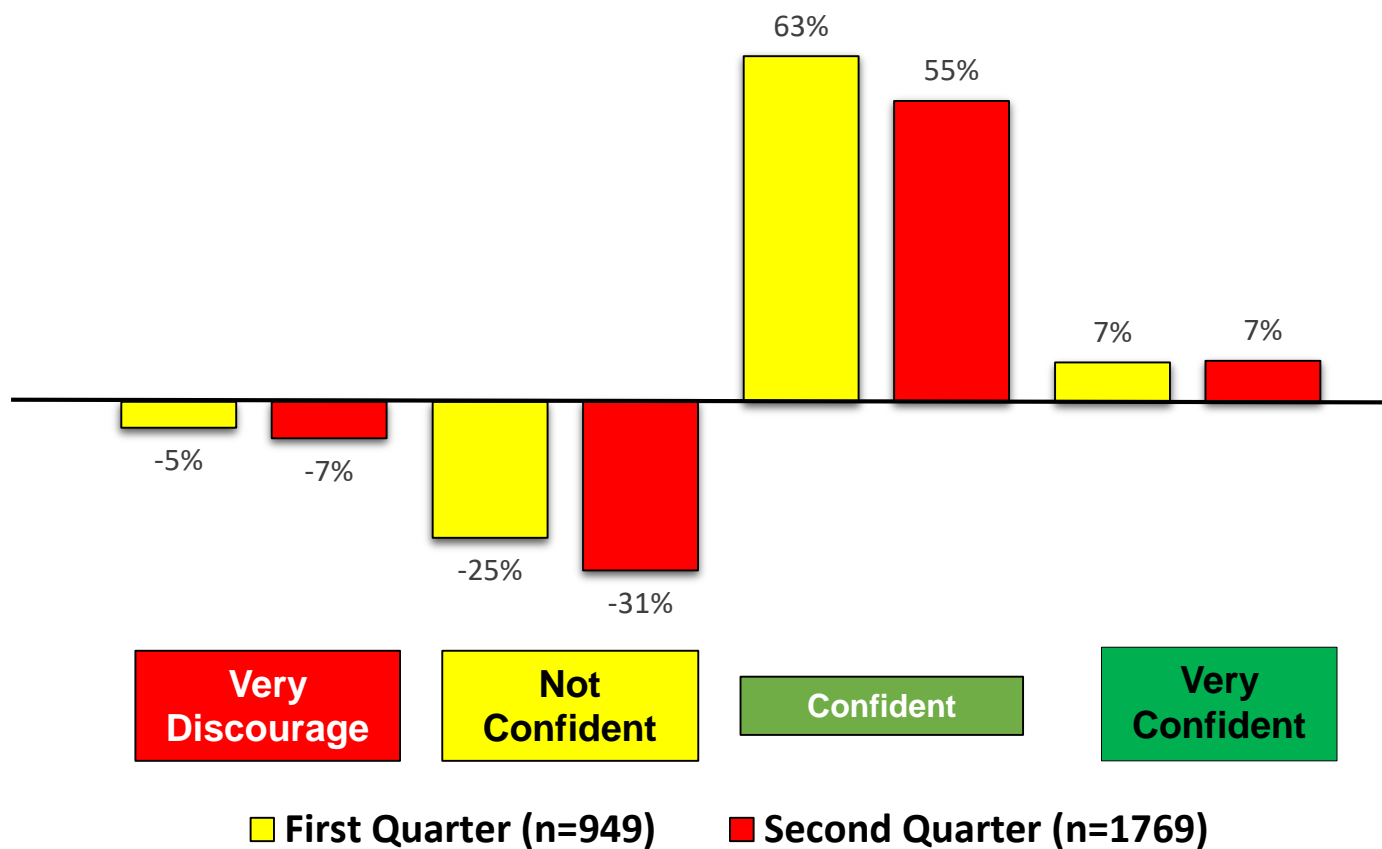
- Importers expressed their feeling about the continuance of illegal traders
- Sharp rise in cost, illicit trading, high tax rate appear to be most concerning for importers





## 4. Confidence in Business Growth in Next 12 Months

Q12. How confident are you that your business will develop in the next 12 months?

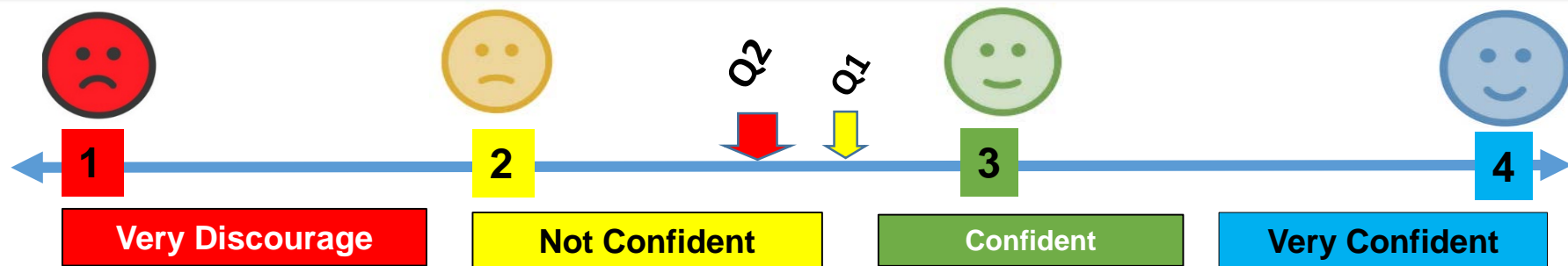


- Indexing on the level of confidence in business growth in next 12 months indicates that the confidence level in 2018 2<sup>nd</sup> Quarter has 3.66% decreased compared to 1<sup>st</sup> Quarter Survey.



## 4. Confidence in Business Growth in Next 12 Months

Q12. How confident are you that your business will develop in the next 12 months?



YEAR	2016	2017	2018 (Q1)	2018 (Q2)
Sample n=	246		949	1769
ALL	2.81	2.79	2.73	2.63
Manufacturing	2.83	2.79	2.73	2.61
Services	2.85	2.96	2.83	2.69
Trading (Export)	2.80	3.00	2.74	2.50
Trading (Import)	2.69	2.73	2.71	2.59

Compared to First Quarter

3.66%

- ❖ Indexing on the level of confidence in business growth in next 12 months indicates that 2018 2<sup>nd</sup> Quarter Survey has the lowest index score among four consecutive surveys starting from 2016 to this 2<sup>nd</sup> Quarter Survey in 2018.



## 5. Reason for Not Being Confident

Q13. If you said that you were not confident or very discouraged what is the major reason?

No.	Main Reasons	First Quarter (n=262)	Second Quarter (n=658)
1	Taxation rates are higher than actually should be	9.2	12.47
4	Not being able to compete with the Illicit Trade	9.2	11.68
2	Increased costs due to increased workload and documentation for arranging TAX payments	9.1	12.23
9	High cost of running business.. e.g. Rent, Transportation	8.4	11.72
2	Not making plans for the increased TAX payments	8.3	11.88
5	Have problems related with the need for human resources	7.9	11.1
6	Not being able to compete with Foreign Firms setting up in Myanmar.	6.9	10.14
7	Not having access to International Banking facilities that Foreign companies have.	6.8	9.99
10	Unstable Currency e.g. US\$ to Kyat Rate	6.1	11.43
8	Lack of Good regular Electricity	6.1	9.78
11	Lack, retention of Skill Human Resources	5.6	8.85
15	None of the above	3.5	3.36
12	Decreasing Purchasing Power		11.38
14	Unstable Rules and Regulations		9.92
13	Slow rate of infrastructure development		7.13

Score: weighted average



## 5. Reason for Not Being Confident

Q13. If you said that you were not confident or very discouraged what is the major reason?

Ranked in order of weighted score 1 to 14

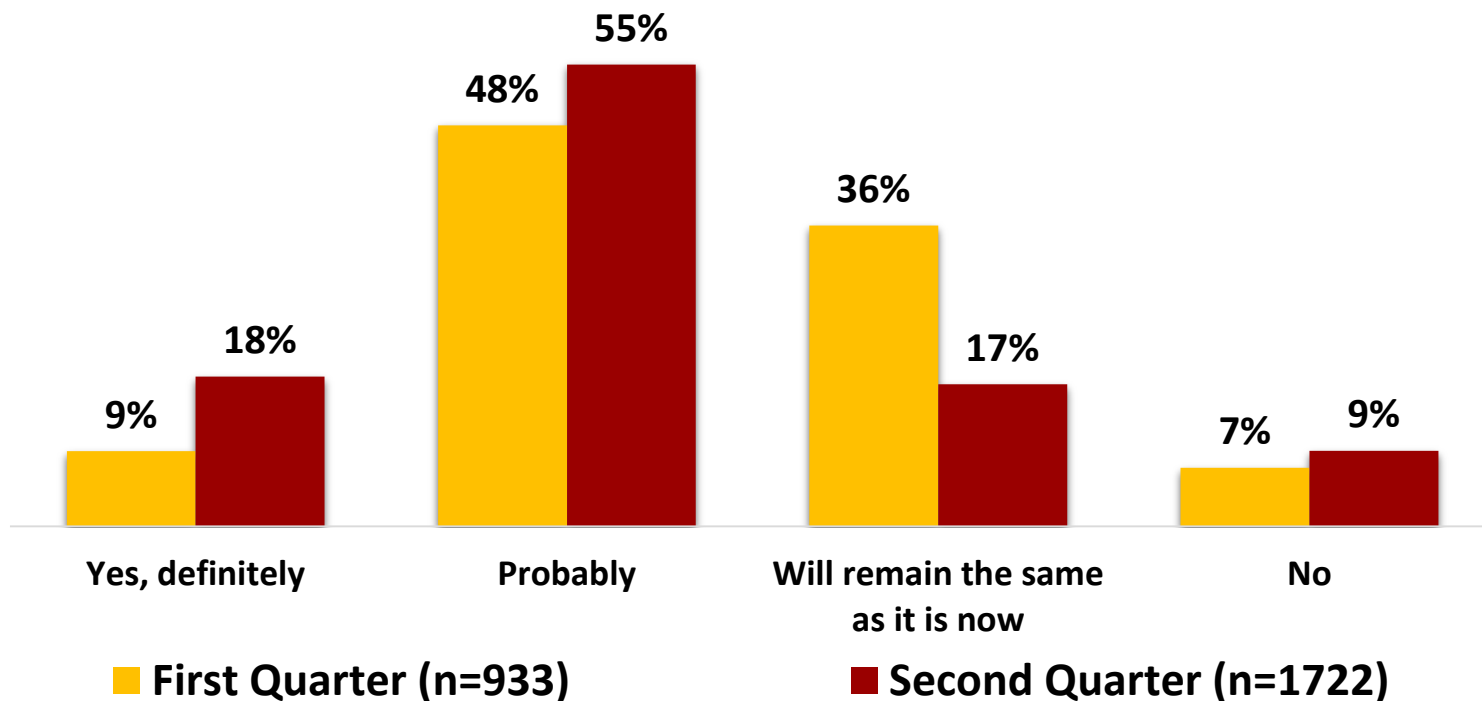
	Total	Manufacturing	Service	Trading (Export)	Trading (Import)
1	Taxation rates are higher than actually should be	<i>Taxation rates are higher than actually should be</i>	Taxation rates are higher than actually should be	Taxation rates are higher than actually should be	Unstable currency e.g. US\$ to Kyat rate
2	Increase Cost due to increase documentation	High cost of running business(rent, transport)	Increase Cost due to increase documentation	Increase Cost due to increase documentation	Taxation rates are higher than actually should be
3	Not making plans for the increased TAX payments	Increase Cost due to increase documentation	High cost of running business(rent, transport)	Not making plans for the increased TAX payments	Not being able to compete with illicit trade
4	High cost of running business(rent, transport)	Not being able to compete with illicit trade	Decreasing purchasing power	Decreasing purchasing power	Not making plans for the increased TAX payments
5	Not being able to compete with illicit trade	Have problems related with the need for labor	Not making plans for the increased TAX payments	Not being able to compete with illicit trade	Increase Cost due to increase documentation

	Total	Manufacturing	Service	Trading (Export)	Trading (Import)
6	Unstable currency e.g. US\$ to Kyat rate	Not making plans for the increased TAX payments	Have problems related with the need for labor	Unstable currency e.g. US\$ to Kyat rate	High cost of running business(rent, transport)
7	Decreasing purchasing power	Lack of good regular electricity	Not being able to compete with illicit trade	High cost of running business(rent, transport)	Decreasing purchasing power
8	Have problems related with the need for labor	Decreasing purchasing power	Unstable currency e.g. US\$ to Kyat rate	Have problems related with the need for labor	Have problems related with the need for labor
9	Not able to compete with foreign firms	Unstable currency e.g. US\$ to Kyat rate	Unstable rules and regulations	Not able to compete with foreign firms	Not able to compete with foreign firms
10	Not have access to int'l banking facilities	Not able to compete with foreign firms	Not able to compete with foreign firms	Not have access to int'l banking facilities	Not have access to int'l banking facilities
11	Unstable rules and regulations	Not have access to int'l banking facilities	Not have access to int'l banking facilities	Lack of good regular electricity	Unstable rules and regulations
12	Lack of good regular electricity	Lack, retention of skilled human resources	Lack, retention of skilled human resources	Unstable rules and regulations	Lack of good regular electricity
13	Lack, retention of skilled human resources	Unstable rules and regulations	Lack of good regular electricity	Lack, retention of skilled human resources	Lack, retention of skilled human resources
14	Slow rate of infrastructure development	Slow rate of infrastructure development	Slow rate of infrastructure development	Slow rate of infrastructure development	Slow rate of infrastructure development



## 6. Kyat Depreciation against USD

Q14. Do you think the Kyat will continue to fall in the next 3 months?

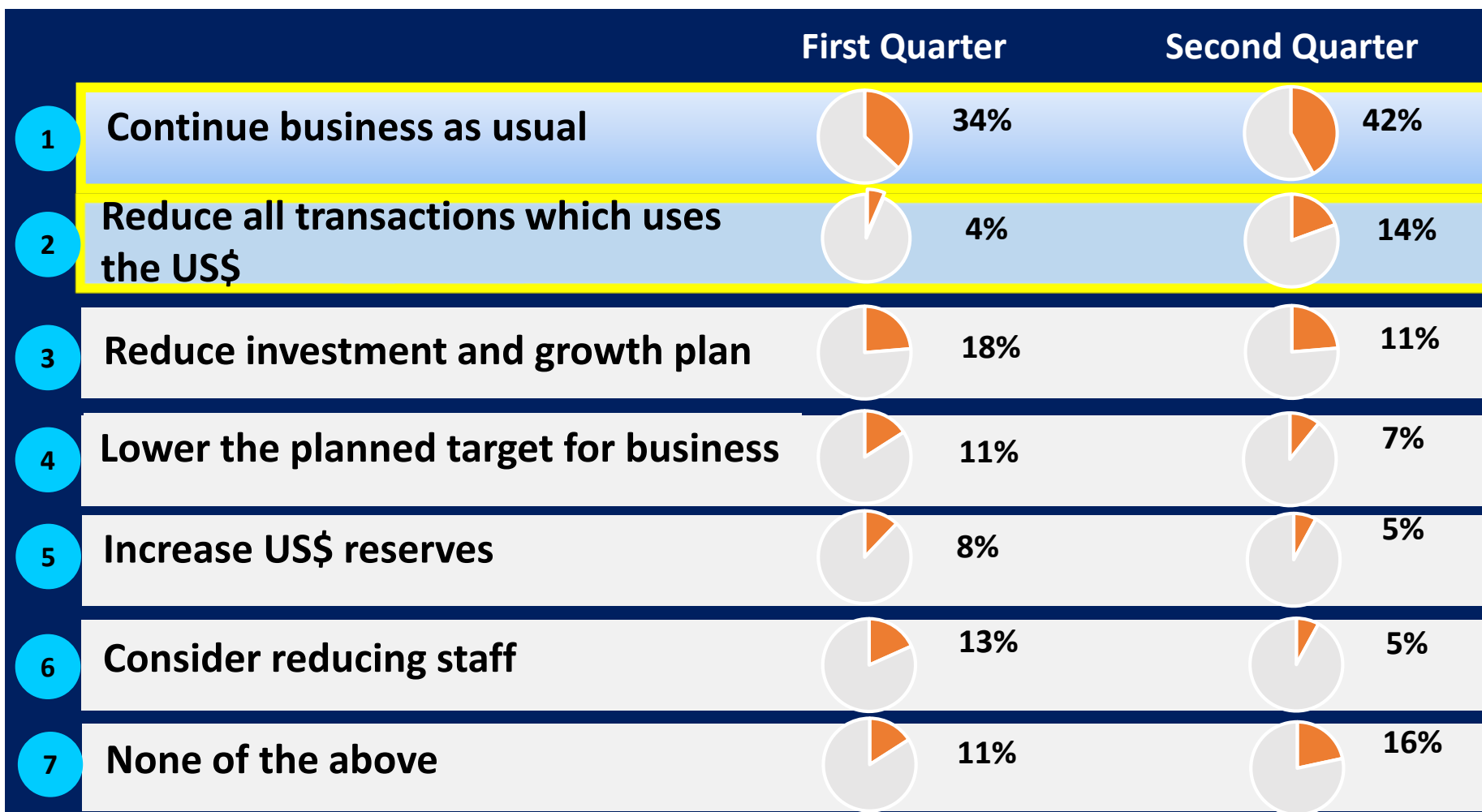


- Nearly 18% of the respondents think Kyat value will continue to fall in the next 3 months.
- A vast majority believes central bank should be doing something to control.



## 6. Kyat Depreciation against USD

Q16. For those that said the Kyat will continue to fall, which of the following measures will you be undertaking to continue to run your business?

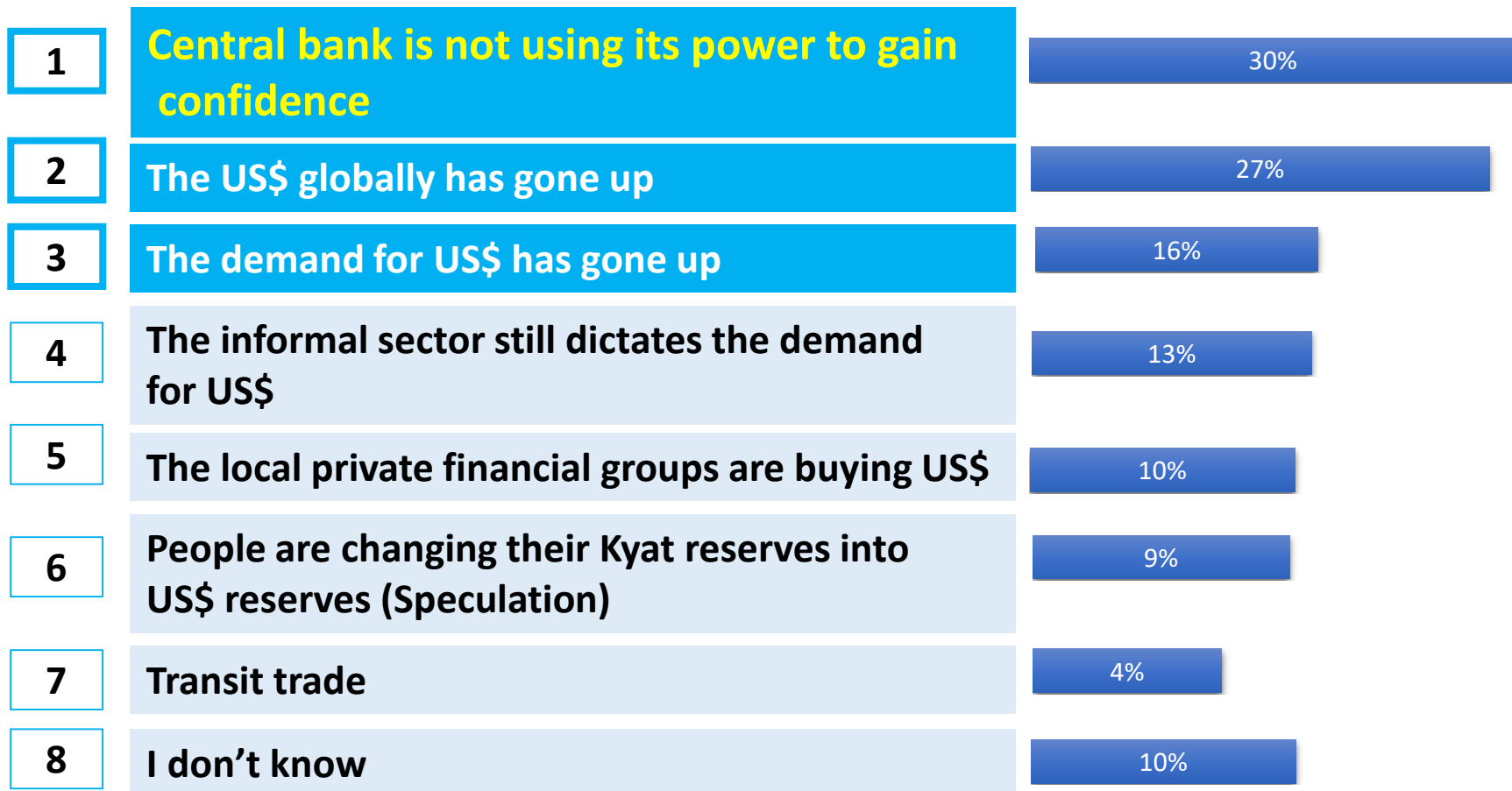


n=1539



## 6. Kyat Depreciation against USD

Q19. The Kyat value against US\$ has fallen drastically over the last year, much more than our neighboring countries. What do you think is the major reason for this?

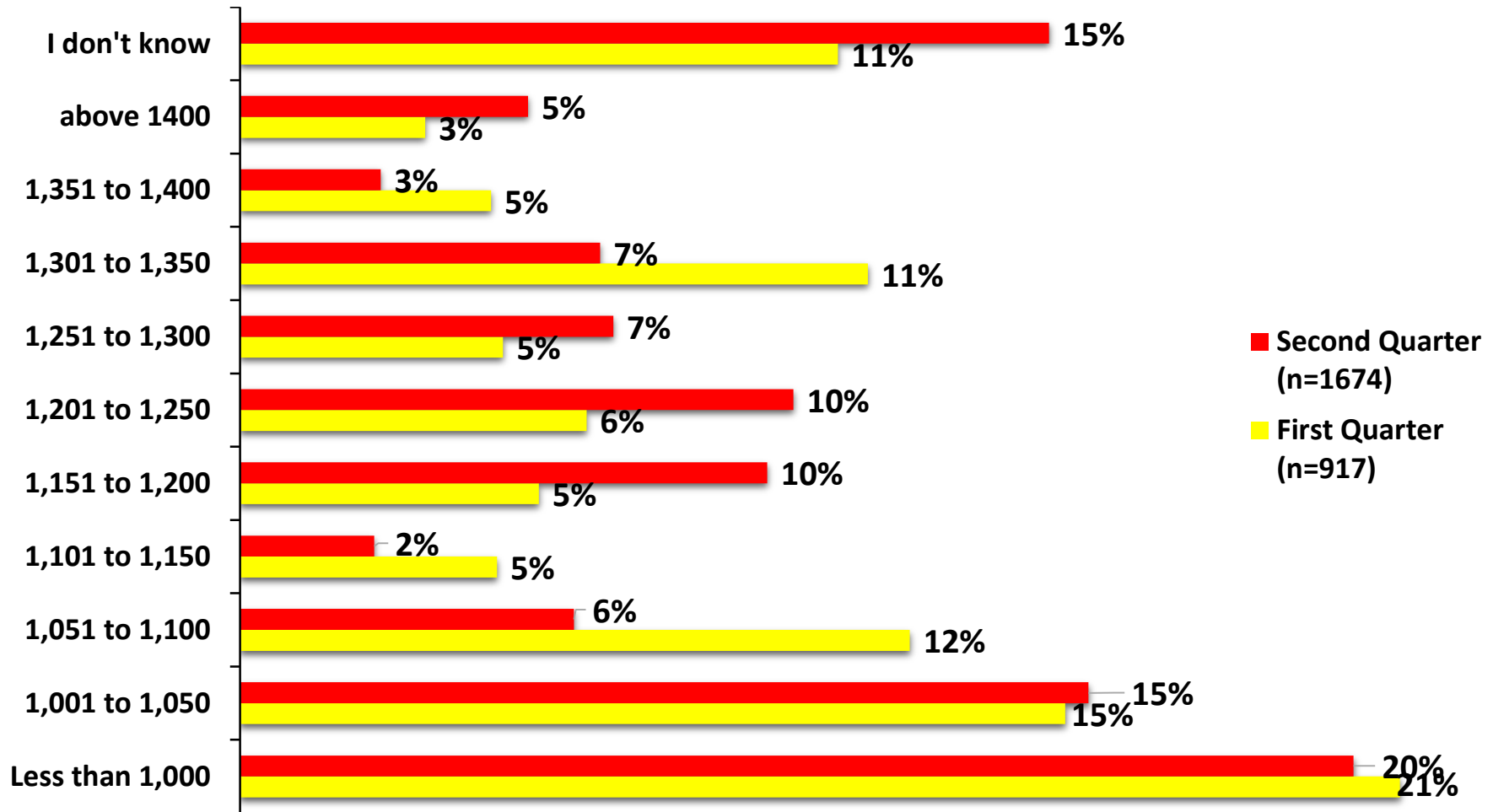






## 6. Kyat Depreciation against USD

Q17. Which of the following Kyat to US\$ rate be best for your businesses to develop?

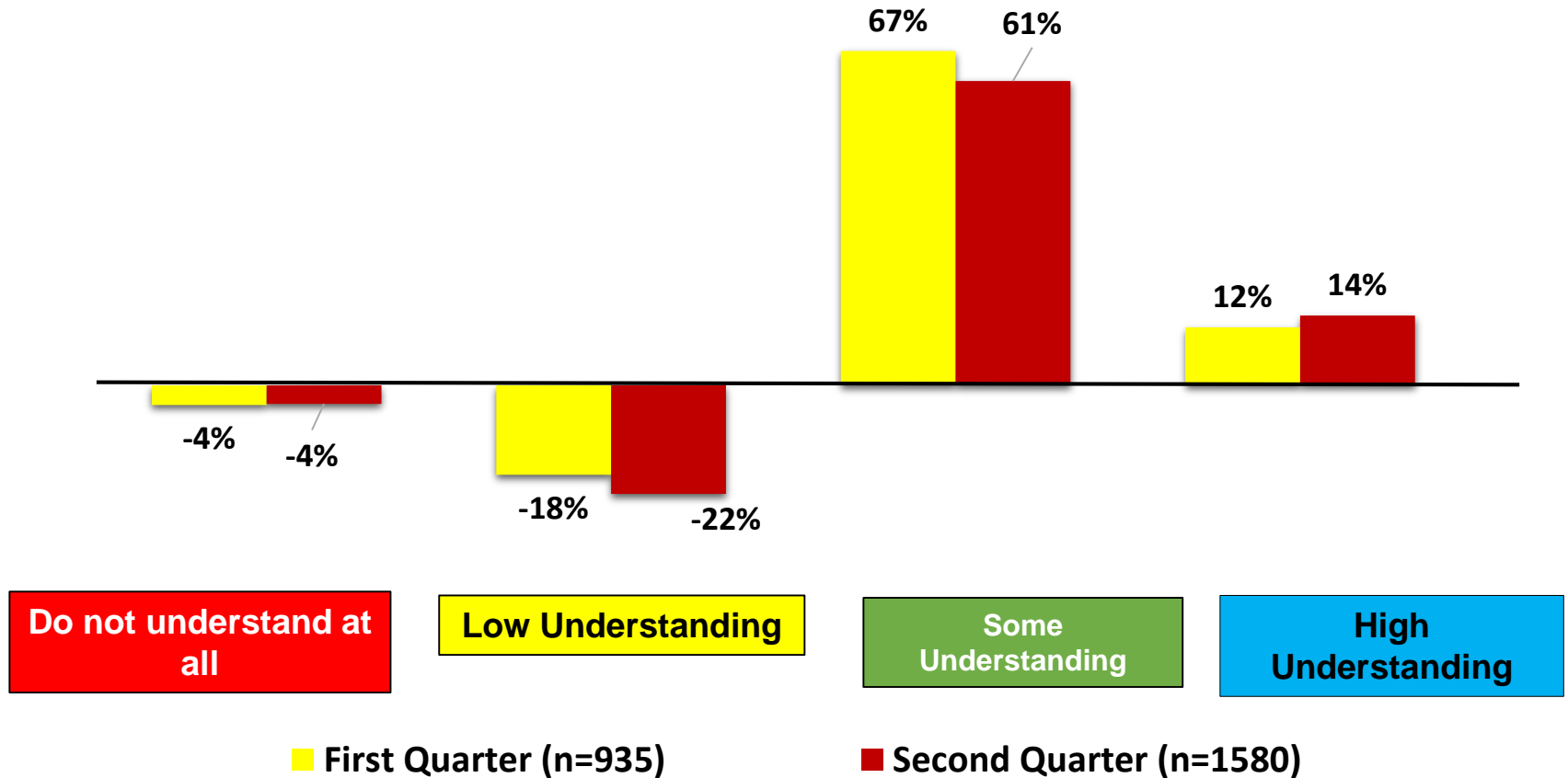


❖ Most of the local businessmen would prefer a dollar rate between 1,200 and 1,300 Kyats, whilst others prefer it around 1,000 Kyats



## 7. Level of Understanding on Taxation

Q14. How well do you understand about government Taxation Law?



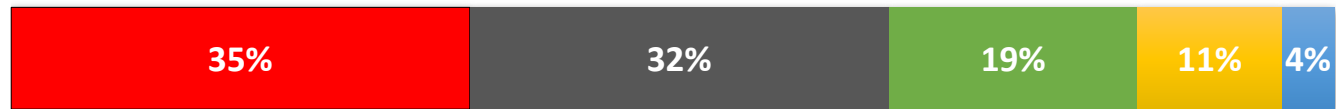
- ❖ According to 2nd Quarter Survey, we can see there are still weaknesses in understanding on government taxation law.



## 8. Money supply form informal market

Q21. Where do you think the money supply from informal market comes from?

SECOND QUARTER  
(N=2048)



■ I don't know

■ Jade, Gems and Jewellery

■ Others

■ Informal Exports/Imports

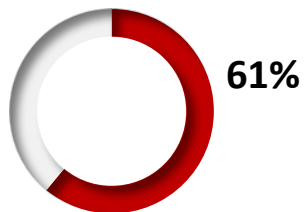
■ Myanmar Overseas Workers

❖ According to 2<sup>nd</sup> quarter survey, nearly 32% of the money supply from informal market comes from informal exports and imports

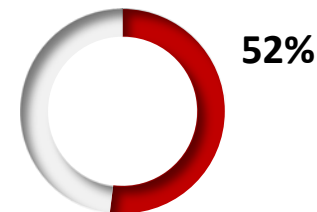


## 9. Awareness regarding Labor Rights

**Q22. Are you aware of the Minimum Wage Act, 2013? If so, are you aware of the punishment for employers who violates the labor rights of the Minimum Wage Act, 2013?**

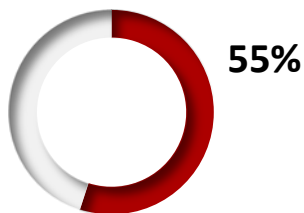


**Are aware of the Minimum Wage Act 2013**

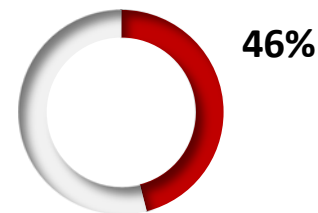


**Are aware of the punishment**

**Q23. Are you aware of the Payment of Wages Law, 2016? If so, are you aware of the punishment for employers who violates the labor rights of the Payment of Wages Law, 2016?**



**Are aware of the Payment of Wages Law 2016**

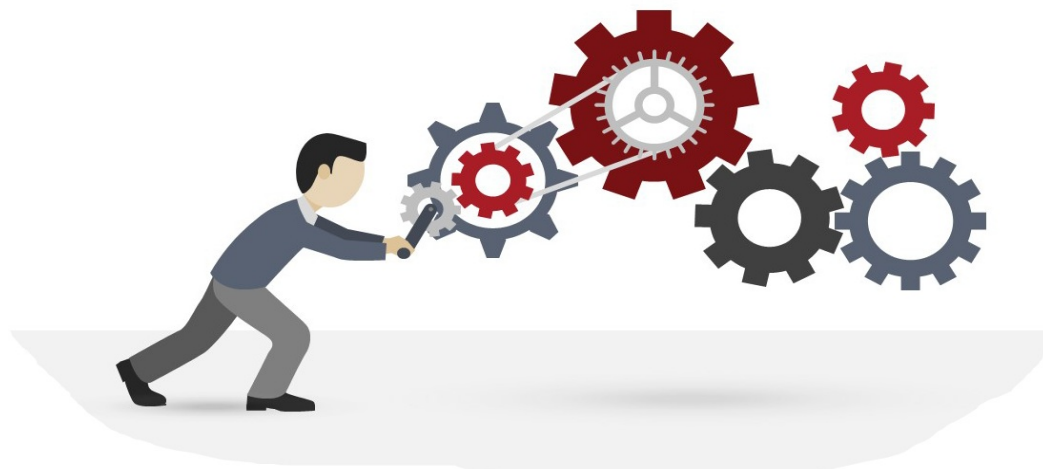


**Are aware of the punishment**



## 10. What UMFCCI Should Do

Q18. Which of the following activities should UMFCCI be Prioritizing on?



	Q1	Q2
1	Increase dialogue with public sector	Increase dialogue with public sector
2	Eliminate Corruption	Eliminating corruption
3	Help to reduce the illicit market	Ensuring fair taxation on businesses
4	Ensure fair taxation on businesses	Helping to reduce illicit market
5	Lobby to have rules and regulations which develop local industries	Lobby to have rules and regulations which develop local industries
6	Educate members on issues that could affect their businesses	Educating members on issues that could affect their business

# 11. Major Findings

1. Since 3 years ago, business performances are started declining and 2018 2<sup>nd</sup> quarter survey indicates the worst business performances among all four consecutive surveys.
2. Kyat Depreciation is the major problem.
3. Central is not using its power to gain confidence.
4. Most of the local businessmen are started losing their hope on development of their business in the next 12 months.
5. The major problem of losing business confidence is "Taxation".

# 11. Major Findings

6. **The government should be focused on these major steps to re-maintain the business performance;**
  - (1) Kyat Depreciation
  - (2) Financing and banking
  - (3) Taxation and Tariffs
  - (4) Unstable Rules and Regulations
  - (5) Market Demand
7. **2018 2<sup>nd</sup> Quarter Business Sentiment Survey which I was presented shows that the local private businesses are suffering the most in 2018 compared to last two years.**



# အစိုးရကိုချစ်လျှင် အစိုးရမမှန်မကန်လုပ်နေပါက မထောက်ခံရန် ဒေါ်အောင်ဆန်းစုကြည်ပြော

အစိုးရဆောင်ရွက်သည့်  
အလုပ်တိုင်းကို အပြစ်ရှာရန်  
စောင့်ကြည့်နေသူများရှိဟုဆို

ဇာလီမြင့်ဦး  
ရန်ကုန်- အစိုးရက မမှန်မကန်ပြု  
လုပ်နေပါက မထောက်ခံဘဲ  
ထောက်ပြသင့်ကြောင်း ဒေါ်  
အောင်ဆန်းစုကြည်က ယမန်နေ့  
တွင်ပြုလုပ်သည့် ပခုက္ကူမြို့နယ်  
ဒေသခံပြည်သူများနှင့် စကားဝိုင်း  
၌ ပြောကြားခဲ့သည်။  
“ကျွန်မတို့အစိုးရကို တ  
ကယ်ပဲချစ်ခင်လေးစားတယ်ဆို  
ရင် မမှန်တာကိုလုပ်နေလို့ရှိရင်  
မထောက်ခံသင့်ဘူး။ မမှန်တာကို  
လုပ်နေလို့ရှိရင် ဒါကိုမမှန်ပါဘူး  
ဆိုတာကို ထောက်ပြသင့်တယ်။

စာမျက်နှာ ၂ >>



ပခုက္ကူမြို့နယ် ချောက်ကန်ကျေးရွာတွင် ယမန်နေ့ကပြုလုပ်ခဲ့သော စကားဝိုင်း၌ ဒေါ်အောင်ဆန်းစုကြည်ဆွေးနွေးနေစဉ်

ဓာတ်ပုံ - နိုင်ငံတော်အတိုင်ပင်ခံရုံး

Thank you for your Kind Attention  
Businesses NEED's Attention