

Myanmar Automotive Advanced Engineering Market Snapshot

Myanmar Headlines

- Professional services firm PwC cites Myanmar as one of “the next automotive frontiers”. The sector is expected to grow 7.8% by 2019.¹
- Strong economic development and a growing middle class will drive Myanmar’s Auto trade in both commercial and passenger vehicles according to Oxford Business Group Report, 2016.²
- Vehicles sales are forecasted to rise to 150,000 units by 2020, with 10% contribute to new vehicles, both locally assembled and imported.²
- Vehicles registered in Myanmar by type in June 2016: Motorcycle 85%, Passenger Cars 9%, Trucks 4%, Trawler Gyi 1% and other 1%.⁸
- In 2017, only late model with left-handed cars will be allowed to be imported.⁶
- Road infrastructure connecting 7 regions and 7 states will be completed by 2030 to facilitate transportation within Myanmar and with neighbouring countries.⁴

Market Overview

International motor companies such as British brand Jaguar Land Rover and Roll Royce have started entering in Myanmar as the country continues to open its doors to foreign investment. In addition to factors such as the relaxing of foreign investment rules and the passing of the new foreign investment law, the landscape of the automobile industry is experiencing a major overhaul.

BMW, Chevrolet, Ford, Hyundai, Kia, Mercedes, Nissan, Suzuki and Toyota are just some of the major automotive giants to establish an official brand presence in Myanmar. Most of these companies are showcasing through the showroom and service center model, partnering with a local Myanmar business based in Yangon, the commercial hub of the country.⁵ Some brands such as Mercedes and Chevrolet have started to open up additional showrooms in Mandalay.⁶ Other cities such as Mawlamyine and Taunggyi, are also demonstrating the increased demand of foreign vehicles across the country. Since 2013, Japanese companies have the highest share of 80% in Myanmar’s automotive sector, followed by China.⁴

Private Vehicles

Privately owned vehicles are mostly in circulation within the main cities of Yangon and Mandalay. These two cities are the most economically developed and have better road conditions than the rest of the country. The third major city and government capital established in 2005, Nay Pyi Taw is seeing an increase in automobiles as has with new road infrastructure. Car sales, servicing, spare parts supplies and support industries are focused within these three cities.³ Second tier regions are Bago, Sagaing, Shan and Magway. These cities are smaller than the primary city hubs and have future potential growth.

Heavy-duty Vehicles

Commercial trucks are currently being used in the extractive industries such as logging and mining. Myanmar's extractive industries has experienced huge growth in foreign direct investment causing a dramatic increase in the need for commercial trucks.⁵ In the past, old Hino trucks were in circulation, however these are gradually being phased out in favour of modernization of hauling vehicles. As the country becomes more industrialized, the increased demand of trucks will rise. Trucks will become essential in hauling containers and cargo as more factories and production bases are set up in the country.

Automotive aftermarket

As the majority of passenger and commercial cars in circulation are second-hand, creating higher demand for spare parts and after sales services. This has resulted in the automotive aftermarket undergoing an impressive growth phase.³ The aftermarket in Myanmar is mainly dominated Asian brands particularly in tires and battery market. The majority of products are from Japan, while oil filters are from Indonesia, Thailand and China.³ There are limited local spare parts production, which relies heavily on import products from local importers and distributors, including 250+ wholesalers, 4000+retailers, and 7800+ small scales workshops and service centres.³

Business Opportunities

As infrastructure is developing, there will be progression in the automotive industry both for primary and local second tier parts suppliers. There are opportunities for automotive production facilities to be located in the Thilawa Special Economic Zone (SEZ) near Yangon. SEZ's across the country offer incentives and tax breaks in specific sectors to encourage and stimulate foreign investment in Myanmar.

Myanmar's growing automotive sector provides various chances for those looking to do business or invest in Myanmar's lucrative automotive industry.

Business Opportunities by Sector

- **Automobile assemble**

Currently, Japan companies lead the way in this sector and also plans for significant investment in establishing auto manufacturing companies. Those plants will assemble vehicles, small trucks, and pre-manufactured parts for the domestic market. Once key infrastructure is developed, there will be an increasing demand for locally produced foreign vehicle cars. With land borders to China, India and Thailand, this presents good export opportunities because of Myanmar's lower costs of production. Additionally, a young workforce within the regions, strategic location and expanding economy make it an attractive location for automakers.

- **Automobile Parts Production**

As the number of vehicles on the road grows, it is expected that the demand for vehicle spare parts is rising.³ 90% of used vehicles are imported from Japan and the number of new international branded vehicles on the road is increasing due to the ease of purchase from local automotive authorised dealers. This will encourage the market for international vehicle spare parts which is expected to grow in the coming year, allowing the growth of parts production manufacturers.

- **Automobile Accessories/ Branded spare parts**

Specific automotive accessories with greatest potential demand in the market are; batteries, oil filters, lubricants and tires.³ As the number of new cars are rising, attitudes amongst cars owners are changing in their approach to servicing their vehicles and are more likely to choose high quality spare parts. Branded spare parts are likely to find a place in the market today.

- **Automobile Maintenance**

Although the number of vehicles in the country is rapidly growing, the need for maintenance and repair services for automobiles remains underdeveloped in the market. A new generation of skillful mechanics and technicians will need to be trained to service and repair computerised vehicles. There are opportunities for training schools which can provide international recognised certificates and independent automobile service chains who can provide additional vocational training or 'on-the-job training'.

- **Demand for heavy trucks**

There is increasing demand for heavy trucks used in infrastructure and damn building projects. According to Myanmar-Road Transport Administration Department (RTAD), the number of registered heavy trucks was approximately 64,786 in March 2015.⁸ This number is expected to increase dramatically as improved roads create better conditions for long-haul transportation of goods. In addition, a significant number of infrastructure projects are also in pipeline which will create the potential growth of heavy trucks in the market.⁷

Some of Global Automotive Manufactures in Myanmar⁴



TOYOTA Toyota has around 65% market share in Myanmar. Toyota has an official spare parts and service centre in Yangon.



Honda has shown its official presence in the country by starting its automobile after-sales business.



Nissan has a showroom and service centre in Yangon with partnership with Malaysia firm. Nissan announced to open a factory in Myanmar 2016.



Suzuki restart its factory in Yangon with 100 % Suzuki investment.



TATA has the presence in Myanmar with showroom and service centre by appointed local company.



Together with a local company, Group Ford has entered the market with a showroom and service centre.



Korea based company has appointed a dealer and opened its showroom.

DAIMLER

Daimler AG has entered the Myanmar luxury car market together with Jardine Cycle and Carriage Ltd.



BMW has entered the market by appointing local authorize dealer.



HYUNDAI

Hyundai has opened a showroom and service centre with its local Myanmar partner.

Challenges/Barriers

- **Infrastructure development:** While more roads are being built, the majority remains unpaved. In addition unstable power supply, poor road and financial infrastructure can make slow progress in business development and it can be time consuming and expensive.

- **Regulatory Uncertainty and Weak Legal System:** Vehicle importers experience challenges from the lack of clear and stable policies. For example, there are complicated importing and registration procedures. Clarification on regulations and implementation is needed.
- **Low Disposable Income for majority of population:** Automobiles are still confined to few households in Myanmar. Compared to its South East Asia neighbours, Myanmar has the lowest car ownership number with only 6 automobiles per 1000 people. However, with an expected increase in consumer wealth, this will change gradually.
- **Limited Human Capital and Tech Expertise:** As an agro-base country, 70% of labour force remains in the agriculture sector. There is a shortage of skilled engineers and domestic manufactures are not ready yet to produce vehicles in mass production due to lack of technology.

For more details, please click [HERE](#) for the UK government Department for International Trade's Doing Business Guide in Myanmar.

Case Studies –British Company success

- **Jaguar Land Rover**

British company Jaguar Land Rover entered the Myanmar market in May 2014 appointing local company Capital Automotive Ltd (a member of the British Chamber and a branch of Diamond Star company) as authorised dealers. Jaguar Land Rover dealership offers integrated sales, service and spare parts, making it a one-stop service for customers. Land Rovers have a long history on the roads of Myanmar, with Land Rover luxury utility vehicles being imported since 2012, as the country opened up its doors to foreign investment. Capital Automotive has been a Myanmar authorised distributor of Ford vehicles since 2014.⁶

- **Rolls-Royce establishes its first Myanmar Service Centre**

The UK-based company Rolls-Royce Motor Cars, in partnership with local firm called Prestige Automobiles, introduced its first service facilitator to provide aftersales service for Rolls-Royce cars in Myanmar in August 2016. According to Paul Harris, Asia Regional Director for Rolls-Royce Motor cars, he also has a vision to see a fully-fledged, authorised Roll Royce dealership in Myanmar one day to offer a full suite of sale and after sales service. Prestige Automobiles has also been a Myanmar authorised distributor of BMW since 2014.⁶

- **British export commercial vehicles in Myanmar**

Wolverhampton based British used truck and trailer retailer ATE Truck and Trailer Sales is a part of Asset Alliance Group. The company has experienced a good level of success in Myanmar and has sold 11 pre-owned trucks in 2016. ATE are pleased to have secured their first deal in Myanmar during 2016 with a repeat order now at an advanced stage and very positive for 2017.

How we can help you

The British Chamber can offer UK companies a range of business services to new UK Exporters and UK companies interested in doing business in Myanmar.

These include:

- **Business Matching**

- **Promotional Events**
- **Market Visit Programme**

For more information and further discussion on how we can help, feel free to contact to:

Chloe Taylor

Project Director, Overseas Business Network Initiative

British Chamber of Commerce Myanmar

Email: chloe@britchammyanmar.com

Visit our website: <http://www.britishchambermyanmar.com/services.html>

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8. Web resources from Myanmar Road Transportation Department [CLICK HERE](#)