

# PWC REPORT DUBS DAWEI AS 'DARLING' TO INVESTORS

**But caution** still necessary in Myanmar, firm warns

THE NATION

**D**awei, a special economic zone in Myanmar, is a "darling" to potential investors from Japan, Thailand and elsewhere for a host of reasons, according to a new report by international professional-services firm PricewaterhouseCoopers.

The company cites as positives the zone's provisions relating to developers and investors; exemptions and relief measures; restrictions; duties of developers or investors; land use; banks and finance management and insurance business; management and inspection of commodities by the customs department; quarantine; labour; and a guarantee of non-nationalisation.

Still, investors are eyeing the country with great suspicion, PwC says in its latest publication, "South East Asia - Investment Opportunities, Tax & Other Incentives", which is designed to give insights to investors wanting to pour capital into Myanmar and the rest of Asean.

The enthusiasm of the global business community to get in on the ground floor of an opening Myanmar is high, but caution and prudence are the watchwords when assessing opportunities in the country, the report says, with much depending on the sustainability of political and economic reforms and the commitment of the government to continue the reforms that it has begun.

"We believe this is a unique publication, which highlights Asean in general and provides great detail on the incentives offered in each country. It should be an invaluable resource to investors," said Greg Lamont, PwC Thailand tax partner and editor of the guide. The publication covers tax and investment incentives offered by all Asean countries, a region PwC regards as a continuing bright spot in an otherwise dim global economy.

"As the US continues to limp out of recession, and the European Union continues to deteriorate, Southeast Asia is a rising star of the global economy," the report says.

"Asean countries merit both new and increased attention of multinationals. Multifaceted economies, culturally diverse and highly populated with vast potential - that is Southeast Asia.

"The region's potential is hard to ignore - strategically located at the centre of Asia-Pacific, these countries' economies are driven by the growth of China and India, but also more and more by the phenomenal and dynamic demands of the region's own large populace. The region has experienced growth rates in recent years that are the envy of the West."

## THAI TAX CUT, INFRASTRUCTURE PRAISED

In the publication, PwC praises the Thai government for the reduction in the corporate tax rate from 30 per cent to 23 per cent this year, and to 20 per cent in 2014-15. For competitiveness reasons, it is expected that the 20-per-cent rate will be made permanent thereafter, but this has not yet been enacted.

PwC says Thailand now has the second-lowest corporate tax rate in Asean, only slightly above Singapore's.

Despite some criticisms, Thailand's infrastructure is considered one of the best in Southeast Asia, after Singapore and Malaysia. The country has a well-developed highway network, a number of state-of-the-art seaports and an efficient modern telecommunications and Internet system.

Moreover, the new international airport in Bangkok - Suvarnabhumi - is only six years old. The government is committed to increasing infrastructure development and a five-year spending plan on infrastructure of more than US\$700 million (Bt21.5 billion) has been approved. The projects include new inter-city road links, urban mass-transit systems, port expansion, a new high-speed rail network (running between Thailand and China) and expansion of Suvarnabhumi Airport.

The floods of late last year had a dramatic effect on the Thai economy, closing down hundreds of plants. The human cost was equally catastrophic, with more than a million people having their homes destroyed by the floods. Though it is acknowledged

that this was truly a "100-year" flood, the government is committed to significant flood-prevention measures, both short and long term, said the report.

In terms of infrastructure, Vietnam has also begun to make significant investments. The government is committed to increasing infrastructure development and this is reflected in numerous projects to build new container ports, roads and highways, bridges, power plants, and water-supply networks, says the PwC report.

Some of the major projects under way include the Ho Chi Minh City Metro project, the new Long Thanh International Airport near Ho Chi Minh City, and new power plants, including the nation's first nuclear power facility.

The government is also committed to change via several major reform initiatives such as Project 30 (Vietnam's Master Plan of Administrative Procedure Simplification in the field of state management for the period 2007-2010). The project has brought significant changes in Vietnam's business environment, such as in the area of customs, with the widespread introduction of e-customs and implementation of one-stop-shop customs procedures, which have allowed businesses to save time and cut costs.