Survey Firms

Round 10
The only nationally representative survey of firms in Myanmar

500 firms

The survey also covers all of Myanmar and is divided into 5 zones (Yangon, Mandalay, Chin and Dry Zone, Delta and Costal Lowland, and the Hilly zone.

4 Sectors

The survey is nationally representative and is the only enterprise survey that also covers the Agriculture sector (17%). The other sectors surveyed are Manufacturing (33%), Retail (17%), and Services (33%).

Micro & Informal too

The survey also covered micro and small firms and not just large and formal firms. 40% of the sample were micro firms and 43% were small firms. Medium firms were 14% and large firms 4%.
Key Findings

- Firm average operating capacity was only at 63 percent
- Prices have increased by 12 percent across all firms since July 2021
- Myanmar kyat depreciation against the US dollar remained a concern for firms’ operations and performance
- Likelihood to close business permanently within 3 months has reached the lowest rate since June 2021
Business environment and expectations modestly improved but prices continued to surge while uncertainty lingered.
With fewer temporary closures, operational capacity improved and employee reduction remained lower in December 2021.

Note: *Firms were asked to report about the last completed month.
Temporary closures remained lower with slight sectoral and regional differences.
Operating capacity of firms in December 2021 returned to levels seen in June 2021.

Note: Firms were asked to report about the last completed month.
Labor market conditions while still weak, show signs of improvement.

Note: Firms were asked to report about the last completed month.
Despite an overall decline in employees laid off, large firms continue to lay off employees.
More manufacturing and small firms reduced employees’ hours in December 2021.

Note: Firms were asked to report about the last completed month.
Despite an overall decrease in employee reduction, service firms and those in Yangon experienced an increase in employee reduction.

Increased cost for raw materials/inputs among the firms experiencing supply chain disruptions:
- Jun-21
- Aug-21
- Oct-21
- Dec-21

Profit decline compared to Jan 2021:
- Jun-21
- Aug-21
- Oct-21
- Dec-21

Cashflow shortage:
- Jun-21
- Aug-21
- Oct-21
- Dec-21

Impacts of MMK depreciation against USD on operations and performance:
- Jun-21
- Aug-21
- Oct-21
- Dec-21

Note: all indicators present the share of firms.
Reduction of sales and cash flow shortages remained major challenges for firms

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Reduction of sales</td>
<td>65%</td>
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<tr>
<td>Cash flow shortages</td>
<td>42%</td>
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<td>Disruption of the supply of inputs and raw materials</td>
<td>35%</td>
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<tr>
<td>Difficulty making payments to suppliers and employees due to reduced revenue</td>
<td>29%</td>
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<tr>
<td>Difficulty making payments to suppliers and employees due to limited banking access</td>
<td>24%</td>
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<td>Having difficulty making payments on loans and other business credits</td>
<td>18%</td>
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<td>Reduction in access to credit</td>
<td>14%</td>
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<td>Reduction in workforce due to layoff</td>
<td>13%</td>
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<tr>
<td>Filed for insolvency or bankruptcy</td>
<td>12%</td>
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<tr>
<td>Limited internet access impacting business operation</td>
<td>10%</td>
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<tr>
<td>Damage to any business assets or location</td>
<td>4%</td>
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Note: Firms were asked to report about the last completed month.
Despite an overall decline, more retail and wholesale firms experienced increased disruptions of supply of inputs or raw materials in December.
Of the firms experiencing a disruption of supply in intermediate materials or inputs, increased costs and unavailability were the main causes.
Compared to the past 3 months, intermediate materials or input prices increased by an average of 38 percent.
The depreciation of the Myanmar kyat against the US dollar remained a major concern for a majority of firms’ performance and operation.
MMK depreciation against USD impacted manufacturing and medium sized firms more than other firms

Note: Firms were asked to report about the last completed month.
Share of firms reporting sales decline continued to improve in December 2021.

Note: Firms were asked to report about the last completed month.
Across all firms, and compared to January 2021, there was an average of...

31% sales decline

40% profit decline

Note: Firms were asked to report about the last completed month.
In December, the share of firms reporting a price increase since July 2021 continued to increase.
In December 2021, prices increased by an average of 12 percent compared to July 2021.
The share of firms which reported price increases attributed the reasons to...

90% due to an increase in supply, intermediate and input prices

6% due to an increase in operational costs
In December 2021, loans from friends and family remained a major financing source.
Overall, fewer share of firms delayed payments to payees more than one week in December 2021

Note: Question is designed slightly differently. For June 2021, firms were asked to report on delayed payments since February 2021; for August 2021, to report about delayed payments due to COVID-19 third wave; for October and December 2021, to report about the last completed month.
Mixed expectations for the future is observed.

- Confident to remain in business for the next month
- Fall in arrears in next 3 months
- Expecting to recover within 6 months
- Average sales expectation in next 3 months

Jun-20  Aug-21  Oct-21  Dec-21
About half of firms have changed plans to invest and expand business since February 2021.
Of the firms changing business and investment plans, major decisions were to suspend investment, business expansion and to launch new products and services.
More firms are confident to remain open within the next month
However, more firms expect to fall into arrears over the next three months.
Fewer firms expect to recover to levels before February 2021 in next 6 months.
On average, sales were expected to be 8% higher in the next 3 months than the same period last year.
The two major adjustments that firms made in the last month were starting delivery or carry-on, and changes to either production of services.
Of the firms using online services and digital financial services, **limited internet access** remained the major challenge for such services.
If the situation does not improve in the next 3 months, firms reported that sourcing cheaper inputs or raw materials will be their primary adjustment mechanism.
Tax payments remained lower and ease of compliance with regulations worsened.

- Average tax payment decrease compared to last year, among the firms reporting a decrease in tax payment*
- Share of firms paying any taxes in the past 6 months
- Worsened ease of tax filing and payment since February 2021
- Worsened ease of customs clearance and payment since February 2021

Note: *Indicator reported average tax payment decrease, and the rest indicators reported share of firms.
Share of firms paying taxes in the past 6 months remained low
Of the firms that paid any taxes in the past 6 months, registration tax and corporate income tax were the most paid taxes.
Of the firms that paid taxes, average tax payment declined by 77 percent in 2021 compared to the last year.
Next steps

Round 11 collection (February 2022)