YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF ECONOMOICS
MASTER OF DEVELOPMENT STUDIES PROGRAMME

# A STUDY ON KEY DRIVERS OF GROWTH IN THE AUTOMOTIVE CAR INDUSTRY OF MYANMAR

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EMDevS – 43 (19th BATCH)

JULY, 2025

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# A STUDY ON KEY DRIVERS OF GROWTH IN THE AUTOMOTIVE CAR INDUSTRY OF MYANMAR

A thesis submitted in partial fulfillment of the requirements for
the Master of Development (EMDevS) Degree

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This is to certify that the thesis entitled **"A Study on Key Drivers of Growth in The Automotive Car Industry of Myanmar"** submitted as partial fulfillment towards the requirements for the degree of Master of Development Studies has been accepted by the Board of Examiners.

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# ABSTRACT

This study explores the key drivers contributing to the growth of the automotive car industry in Myanmar, a sector that has gained increasing importance amid the country's ongoing economic transformation. This study aims to identify the determinants influencing industry growth, and to evaluate the role of consumer behavior, infrastructure development, and financial accessibility. Employing a descriptive research design, the study integrates both primary and secondary data. Primary data were collected through a structured questionnaire survey involving 380 respondents. The findings reveal that the growth of Myanmar's automotive industry is driven by combination of structural and behavioral factors. Among the most significant are industrial base and supply chain development, technological advancement, and changing consumer preferences. These are supported by socio-economic stability and improvements in infrastructure and financial services. The result of the study highlights that Myanmar's automotive sector is poised for continued growth if supported by integrated policy measures, targeted investment, and infrastructure upgrades.

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# LIST OF ABBREVIATIONS

| | |
|---|---|
| ASEAN | Association of Southeast Asian Nations |
| BRI | Belt and Road Initiative |
| EV | Electric Vehicle |
| FDI | Foreign Direct Investment |
| GDP | Gross Domestic Product |
| GMS | Greater Mekong Subregion |
| ICT | Information and Communication Technology |
| IMF | International Monetary Fund |
| MOC | Ministry of Commerce |
| SEZ | Special Economic Zone |
| SME | Small and Medium Enterprise |
| UNESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| USD | United States Dollar |
| WTO | World Trade Organization |

# CHAPTER I
# INTRODUCTION

## 1.1 Rationale of the Study

Myanmar's automotive industry is more than just a reflection of cars on the road which it represents the nation's broader journey toward modernization, economic reform, and regional integration. As the country continues to open its economy and shift toward industrial growth, the development of the automotive sector offers important insights into policy effectiveness, infrastructure readiness, and the evolving needs of consumers. It is not only a vital economic engine but also a mirror of progress in areas like transportation, trade, energy, and environmental standards.

The automotive industry has long been recognized globally as a key driver of economic development. In many countries, it supports a wide range of sectors including manufacturing, logistics, finance, energy, and services. For Myanmar, a strong automotive sector could stimulate local job creation, encourage skill development, and foster investment in related industries such as spare parts, maintenance services, and vehicle financing. However, despite certain reforms aimed at liberalizing vehicle imports and promoting mobility, the country's automotive landscape remains challenged by a number of structural and policy-related barriers.

Among the most pressing issues are economic instability, foreign exchange limitations, fluctuation and unstable mmk value, and a heavy reliance on imported vehicles, especially second-hand models. These challenges are made more complex by an underdeveloped road network, limited public transport options, and a lack of coordinated long-term industrial policy. Without strong domestic manufacturing or local assembly facilities, Myanmar continues to miss out on the potential economic gains that could come from a more self-reliant automotive industry. This also raises environmental concerns, as many of the imported vehicles are older and less efficient.

Given this context, the purpose of this study is to examine how Myanmar's automotive sector has developed, what barriers are holding it back, and where opportunities for future growth lie. The research will focus on the role of government policy, investment patterns, market behavior, and global trends such as the rise of electric vehicles and digital mobility solutions. These global shifts present both challenges and chances for Myanmar to rethink its automotive strategy and align it with long-term development goals.

This study is not only relevant for academics but also for policymakers, industry professionals, and investors. It aims to provide a clear understanding of the current state of the automotive industry in Myanmar and offer practical insights for building a more sustainable, inclusive, and competitive sector.

## 1.2 Objective of the Study

The objectives for the study are as follow:

(1) To explore the determinants driving the growth of Myanmar's automotive industry.

(2) To evaluate the influence of consumer behavior, infrastructure, and financial access on the industry.

## 1.3 Method of Study

This study adopts a descriptive research design to explore the key determinants influencing the growth of Myanmar's automotive industry between 2016 and 2025. Both primary and secondary data sources are employed to support the research objectives. Primary data are collected through structured surveys and questionnaires administered to 380 individual consumers and stakeholders in the automotive sector, particularly in major urban centers like Yangon where automotive activities are most concentrated. Secondary data are obtained from credible sources such as government publications, reports from Ministry of Industry, the Ministry of Commerce, Ministry of Transport & Communication (The Road Transport Administration Department), Central Statistical Organization, and industry-specific studies. The integration of these data sources allows for a comprehensive analysis of factors such as consumer behavior, infrastructure development, and financial accessibility, which are central to the scope of this research.

## 1.4 Scope and Limitation of the Study

This study focuses on identifying and analyzing the key determinants driving the growth of the automotive industry in Myanmar, with a particular emphasis on the roles of consumer behavior, infrastructure development, and financial accessibility. The research targets individual consumers and automotive industry stakeholders in major urban areas such as Yangon, where vehicle ownership and commercial automotive activity are most prominent. The study covers the period from 2015 to 2025, capturing a decade of industry transformation influenced by economic liberalization, increased foreign investment, and changing consumer preferences. Primary data are collected through structured surveys and questionnaires while secondary data are obtained from government publications, industry reports, and statistical agencies.

## 1.5 Organization of the Study

This study is organized with five chapters. Chapter one is the Introduction, including Rationale of the Study, Objectives, Method, Scope and Limitations and Organization. Chapter two is Literature Review. Chapter three is Overview Of Background History And Evolution Of The Myanmar Automotive Industry. Chapter four is Survey Analysis and Chapter five is concluded with Findings and Suggestions.

# CHAPTER II
# LITERATURE REVIEW

## 2.1 The Invention and Evolution of the Automobile

The first electric vehicle, developed by Scottish inventor Robert Anderson between 1832 and 1839, was not widely adopted. Although it operated using non-rechargeable cells to power a small electric motor, the car remained heavy, slow, expensive, and required frequent stops to recharge (Wikipedia). In 1858, Jean Joseph Étienne Lenoir, a Belgian-born engineer, made progress by inventing a double-acting, coal gas-fueled internal combustion engine, which he patented in 1860. Five years later, he improved this design by integrating a basic carburettor and petroleum fuel into a three-wheeled vehicle that successfully completed a 50-mile journey (ThoughtCo, 2015).

Despite incremental advancements, the 1870s still saw no singular breakthrough inventor until 1876, when Nikolaus August Otto significantly improved existing engines. He developed a more efficient four-stroke internal combustion engine, which he patented as the Otto Cycle (ThoughtCo, 2015). Around this period, electric vehicles gained better traction in tram systems, which benefited from a consistent electricity supply, while private vehicle users began transitioning to gas-powered options.

In 1885, German engineers Gottlieb Daimler and Wilhelm Maybach expanded on Otto's work by creating a smaller, faster, and more efficient gas engine. This prototype used a gasoline-injected carburettor and featured a vertical cylinder, making it ideal for automotive use (ThoughtCo, 2015). That same year, Karl Benz became the first inventor to create a complete automobile powered by an internal combustion engine, designing both the engine and chassis as a unified system. He received a patent (DRP No. 37435) for this invention on January 29, 1886 (Wikipedia).

Soon after, Daimler adapted a stagecoach into a four-wheeled automobile, while also inventing a V-slanted two-cylinder engine in 1889. He and Maybach then developed purpose-built vehicles that included four-speed transmissions and reached speeds of 10 mph. Daimler founded Daimler Motoren-Gesellschaft in 1890, followed by Benz's introduction of his own four-wheeled vehicle and the rise of Benz & Cie as a prominent company (Wikipedia).

However, the first companies to mass-produce complete automobiles were French manufacturers Panhard & Levassor (1889) and Peugeot (1891). Licensed to use Daimler's patents, they not only built cars but also innovated vehicle design by introducing the front-engine, rear-wheel-drive layout, a pedal-operated clutch, chain transmission, and modern gearboxes (ThoughtCo, 2015). Their 1895 model even included the first modern transmission, and their layout became the template for future automobiles.

In 1894, Benz's Velo became the first standardized production car, with 134 identical units manufactured the following year. Despite entering the market later, Benz & Cie became the world's largest car manufacturer by 1900 (Wikipedia). Around the same time, patent attorney George Selden controversially filed for a U.S. patent in 1879 on a "road engine." Although he never built a car, Selden managed to obtain the patent in 1895, allowing him to claim royalties from all American automakers (Wikipedia).

In the U.S., the Duryea brothers built their first gasoline-powered car in 1893 but sold only a few units. It wasn't until 1901 that Ransom E. Olds introduced the Curved Dash Oldsmobile, the first mass-produced American car, using an early form of the assembly line. Olds became the leading U.S. automaker until 1904. Meanwhile, Henry Ford produced his first car, the Quadricycle, in 1896 and founded Ford Motor Company in 1903. His major success came with the release of the affordable Model T in 1908 (Wikipedia).

Ford opposed Selden's licensing fees and took legal action, eventually leading to the invalidation of Selden's patent in 1911. By 1913, Ford revolutionized car manufacturing by introducing a conveyor-belt-based assembly line, reducing the Model T's production time to just 93 minutes. The Model T became accessible to the average American, marking a turning point in automotive history (ThoughtCo, 2015).

The term "automobile", which appears with the same spelling across several European languages, is a compound of the Greek prefix *auto-* meaning "self" and the Latin word *mobilis* meaning "movable." While the term originated in France, the exact point in time when it was first used remains uncertain. Despite this, the broader development of automobilism—including its early stages is well documented in many historical accounts (Dolmatovskiy, 1986).

What makes this topic particularly intriguing is how the word *automobile* evolved from an adjective meaning "self-propelled" into a widely recognized noun signifying a personal vehicle, primarily powered by an internal combustion engine (Dolmatovskiy, 1986). Once it gained recognition as a noun, its adoption became rapid and widespread. This linguistic shift led to the development of numerous compound expressions and derivative terms, often incorporating *automobile* as the primary word.

A clear example of this evolution occurred in December 1894, when *Le Petit Journal* which had previously organized the famous Paris-Rouen automobile race which launched a new publication titled *La Locomotion Automobile*. In this context, the word *automobile* was no longer used in its original sense of "self-moving," but rather had solidified as a stand-alone term. A literal translation of the magazine’s title would result in a tautological phrase like "self-moving movement," which emphasizes how the word had already taken on a new and independent meaning (Claretie, 1899).

The popularity and acceptance of this term were largely driven by the success of early motorized vehicle competitions. After the Paris–Bordeaux–Paris race in 1895, the term *automobile* gained renewed prominence in media coverage. One commentary highlighted this by stating, “*la locomotion automobile a reçu aujourd'hui ses lettres de créance et que le succès d'hier l'implante désormais parmi nous*,” meaning “automobile movement has received recognition today and yesterday’s success now brings it into our lives” (Claretie, 1899).

This race also marked the foundation of the Automobile Club de France (ACF), the world’s first automobile club, established by the organizing committee shortly afterward. The event and its aftermath played a pivotal role in the institutionalization of automobilism (Larousse, 1905).

By 1896 and 1897, the term *automobile* had firmly established itself both as a noun and as a concept. It was now commonly used in the technical press and literature, and automobile clubs were forming not only throughout France but internationally. This period also saw the emergence of new publications that consistently used the term in its modern context, as well as the coining of terms such as *automobilism* to describe the broader cultural and technological movement (Dolmatovskiy, 1986).

## 2.2 Global Automotive Industry Trend

The global automotive industry has undergone dramatic shifts shaped by economic growth, environmental imperatives, and rapid technological advancement. In the 1970s, the U.S. and Europe led vehicle production with iconic models like the Ford Mustang and Volkswagen Beetle, ushering in an era of widespread car ownership. Concurrently, Japanese automakers such as Toyota and Honda began delivering reliable, fuel-efficient vehicles that soon captured global export markets.

By the 1980s, Japan had emerged as a dominant force in automotive manufacturing. Brands like Toyota, Honda, Nissan, and Mazda gained global recognition for quality, fuel economy, and innovation, leveraging lean production and just-in-time systems prompted by oil crises to reshape automotive manufacturing worldwide.

During the 1990s and 2000s, U.S. and Japanese automakers co-led the global market: the U.S. excelled in trucks and SUVs, while Japan pioneered hybrids including the Toyota Prius and Honda's hybrid lineup, launched around 1997 thus helping define vehicle trends for fuel economy and performance.

A major realignment began after 2010 as China grew into the world's largest automotive market and producer. Fueled by urbanization, rising incomes, and government policies, China both expanded internal combustion production and seized global leadership in EV manufacturing. Domestic firms such as BYD, NIO, and Geely now lead innovation in electric cars, batteries, and mobility technologies. China has topped global EV sales and is scaling production rapidly, supported by industrial strategies and export expansion (China auto industry Time, 2025).

Since around 2015, global demand and policy environments have accelerated a shift toward clean mobility. Governments in Europe and Asia have committed to banning internal combustion vehicles by the 2030s–2040s, incentivizing automakers to invest in electric, hydrogen fuel-cell, and hybrid technologies (Reuters, 2025)

In Southeast Asia, ASEAN nations like Thailand, Indonesia, and Vietnam have become critical automotive manufacturing hubs. Thailand often called the "Detroit of Asia" leads vehicle exports, while Indonesia and Malaysia support growing domestic and regional markets. Together, ASEAN provides low-cost labor and favorable logistics for rising EV and battery assembly investments.

While not part of ASEAN, South Korea plays a complementary role through high-tech automotive and EV exports that support regional supply chains and innovation ecosystems. Overall, the industry has progressed through clear phases: U.S. and European pioneers gave way to Japanese manufacturing leadership, followed by Sino-dominated output with a focus on EVs and sustainability. ASEAN and South Korea now offer strategic manufacturing bases and technological strengths that contribute to a global, interconnected automotive future.

### 2.3 Key Technology and Globally Market Drivers of Car Automotive Industry

Over the past ten years, the automotive sector has undergone dramatic innovation, particularly in the area of vehicle electrification. Electric vehicles (EVs), led by innovators such as Tesla and BYD, and legacy automakers like Volkswagen, Toyota, and General Motors, are reshaping the industry. In response to aggressive incentives from major governments including those in China, the EU, and the U.S. the market share of electric vehicles has surged. As of 2023, EVs represented over 18% of all cars sold globally, with projections suggesting this figure could surpass 30% by 2030, signaling a decisive move away from internal combustion engines (IEA, 2023)

At the same time, advancements in autonomous driving and connectivity are redefining how vehicles function. With the integration of artificial intelligence, LiDAR sensors, and 5G networks, companies such as Tesla, Waymo, Nvidia, and Apple are pushing forward autonomous vehicle testing and deployment in markets like the U.S., Europe, and China. Vehicles are increasingly functioning like mobile smart devices, connected to the broader digital ecosystem through IoT-based systems and in-vehicle interfaces (Deloitte, 2021).

Environmental concerns are increasingly shaping automotive strategies. Leading manufacturers are embracing sustainable technologies such as hydrogen fuel cells and hybrid drivetrains while setting ambitious carbon-neutral targets across their operations. Concurrently, urban mobility solutions such as electric scooters, shared vehicles, and compact EVs are becoming more common in response to growing urbanization and traffic congestion challenges (World Economic Forum, 2021).

Despite this progress, the industry has also faced severe disruptions. The COVID-19 pandemic and geopolitical tensions between 2020 and 2022 exposed weaknesses in global supply chains. The most damaging was the semiconductor shortage, which forced many automakers to pause production. In response, companies are diversifying their suppliers and reshoring manufacturing facilities to mitigate future risks (Roland Berger, 2022).

Digital transformation is revolutionizing how vehicles are produced and sold. The adoption of Industry 4.0 technologies including automation, robotics, digital twins, and predictive analytics is enhancing manufacturing efficiency. Additionally, traditional car dealerships are increasingly being replaced by direct-to-consumer (DTC) and online sales platforms, streamlining the buying experience (Capgemini, 2022).

## 2.4 Core Components for Development of the Automotive Sector

The automotive sector's development is multifaceted, relying on a combination of critical components that collectively foster industry growth, competitiveness, and sustainability. A foundational element in this development is infrastructure. Efficient transportation networks, including well-maintained roads, highways, ports, and logistics systems, are essential to facilitate the smooth movement of raw materials, automotive parts, and finished vehicles (World Bank, 2021). Additionally, state-of-the-art industrial zones and manufacturing facilities equipped with advanced machinery and technology form the physical backbone that supports automotive production capacity and innovation (Deloitte, 2020). Without such infrastructure, automotive companies face significant challenges in scaling operations and maintaining timely delivery standards.

Equally vital to the sector's success is the availability of a skilled and technically proficient workforce. Human capital development through vocational training, engineering education, and continuous skill upgrades enables the industry to adopt advanced manufacturing techniques and conduct research and development (R&D) activities effectively (International Labour Organization, 2022). Countries that invest in automotive-specific educational programs and industry partnerships tend to demonstrate stronger innovation capabilities and higher quality output (McKinsey & Company, 2022). The development of a competent labor force ensures that the sector can meet the increasingly complex demands of modern vehicle production.

The robustness of supply chains and the encouragement of local content production also play a pivotal role. An integrated supply chain that ensures timely availability of components and materials reduces production delays and cost overruns (PwC, 2021). Promoting local content enhances economic benefits by reducing reliance on imports and stimulating domestic industries (Asian Development Bank, 2021). Supplier clusters and vendor ecosystems encourage collaboration and innovation, driving up product quality and lowering costs. This dynamic is critical in enabling automotive industries, particularly in emerging economies, to become globally competitive.

Research and development are indispensable for driving technological innovation and sustaining competitive advantage. The rapid evolution of automotive technologies ranging from electric and hybrid powertrains to autonomous driving and connected vehicles requires substantial and continuous R&D investment (IEA, 2023). Collaboration among industry players, academic institutions, and government agencies fosters innovation ecosystems that accelerate technology transfer and commercialization (OECD, 2022). Such innovation not only enhances vehicle performance and environmental sustainability but also opens new market opportunities.

Government policy and regulatory frameworks form another core component. Supportive policies, including tax incentives, subsidies for clean vehicle technologies, and regulatory clarity on safety and emissions, are fundamental in encouraging investments and guiding industry development (International Transport Forum, 2021). Policies that promote environmental sustainability and local manufacturing further strengthen the sector's resilience and global competitiveness (European Commission, 2020). Clear and stable regulations reduce uncertainty, enabling firms to plan long-term investments confidently.

Market demand, influenced by consumer preferences and economic conditions, also drives automotive sector growth. Increasing awareness and preference for fuel-efficient and environmentally friendly vehicles, such as electric cars, shape production and innovation trajectories (BloombergNEF, 2023). Furthermore, accessible financing options and robust after-sales service networks enhance vehicle adoption and customer satisfaction, thereby supporting market expansion (Frost & Sullivan, 2022).

Environmental sustainability has emerged as a pressing priority, compelling automotive manufacturers to adopt greener production methods and develop low-emission vehicles. Industry commitments to carbon neutrality, coupled with international climate agreements, have spurred the integration of circular economy principles, such as waste minimization and resource efficiency, into automotive manufacturing processes (World Economic Forum, 2021). Sustainable development not only reduces environmental impact but also aligns the automotive sector with global trends and consumer expectations.

Lastly, integration into global value chains allows automotive firms to access international markets, cutting-edge technologies, and investment capital. Participation in such value chains drives quality improvements, scale economies, and competitiveness (UNCTAD, 2020). Emerging automotive producers benefit significantly from export opportunities and technology transfers enabled by global partnerships and trade agreements.

In summary, the development of the automotive sector is contingent upon a holistic approach encompassing infrastructure, skilled workforce, resilient supply chains, R&D, supportive policies, market demand, sustainability, and global integration. These core components collectively enable the sector to innovate, compete, and adapt within a rapidly evolving global landscape.

**Table (2.1) Top Manufacturing Countries (2015–2025)**

| Rank | Country | Production Trend (Annual Units) | Notes |
|---|---|---|---|
| 1 | China | 23 million (2015) to ~26 million (2023), projected steady growth by 2025 | Leading global producer, EV leader |
| 2 | USA | Fluctuated ~11-12 million units, slight increase expected by 2025 | Strong ICE and EV production |
| 3 | Japan | Steady ~8-9 million units annually | High tech, hybrid & ICE focus |
| 4 | Germany | Around 5.5-6 million units, slight growth | Premium segment strength |
| 5 | India | Rapid growth from ~3.5 million (2015) to ~4.5 million (2023), expected increase | Expanding domestic market |
| 6 | South Korea | Stable around 3.5-4 million units | Major exporter and domestic player |
| 7 | Mexico | Growth from ~2.8 million to ~3.4 million | Export hub for North America and beyond |
| 8 | Spain | Around 2.5-2.7 million units, stable | Important European manufacturing base |
| 9 | Brazil | Fluctuated ~1.8-2.1 million units | Large domestic and regional market |
| 10 | France | Around 2.0 million units, steady | European manufacturing and export |

Source: World ranking & statistic

**Table (2.2) Global Leading Brands**

| Rank | Brand | Country | Why Customers Choose It | Key Strengths |
|---|---|---|---|---|
| 1 | Toyota | Japan | Reliability, resale value, fuel efficiency | Durability, strong hybrid lineup |
| 2 | Tesla | USA | Innovation, electric vehicle leadership, tech features | EV range, autopilot, cutting-edge design |
| 3 | Volkswagen | Germany | Wide range, quality engineering, value for money | Solid build, diverse model range |
| 4 | Honda | Japan | Dependability, fuel economy, affordable maintenance | Practicality, strong reputation |
| 5 | BMW | Germany | Luxury, performance, driving experience | Premium interiors, sportiness |
| 6 | Hyundai | S. Korea | Value for money, warranty, modern design | Competitive pricing, good warranty |
| 7 | Mercedes-Benz | Germany | Prestige, luxury, advanced safety features | Comfort, innovation, brand status |
| 8 | Ford | USA | Versatility, strong truck lineup, innovation in EVs | Trucks, SUVs, Mustang heritage |
| 9 | Nissan | Japan | Affordable, practical, early EV adopter | Leaf EV, wide dealer network |
| 10 | Kia | S. Korea | Design, warranty, improved quality | Stylish models, long warranty |

Source: World ranking & statistic

## 2.5 Determinant of Automotive Car Industry Expansion

The global automotive industry has undergone substantial transformation over the past century, shaped by a combination of technological, economic, environmental, and policy-related factors. The expansion of this industry is not only a reflection of market demand and supply but also a direct outcome of deliberate structural determinants that stimulate growth in manufacturing, consumption, innovation, and global competitiveness.

One of the foremost determinants is technological advancement. Innovation in automotive engineering such as improvements in fuel efficiency, hybrid systems, autonomous vehicles, and electric mobility has significantly propelled the industry's expansion. The integration of digital technology into car manufacturing and vehicle operation has given rise to smart and connected vehicles, which are reshaping consumer expectations and industry standards (International Energy Agency, 2022). Notably, the development of electric vehicles (EVs) is one of the most transformative changes. Governments and automakers are investing heavily in battery technology, EV infrastructure, and sustainable mobility solutions, which together open new markets and reduce dependency on fossil fuels (IEA, 2022).

Another key determinant is government policy and regulatory frameworks, which create an enabling environment for industry expansion. Countries implement tax incentives, import/export tariffs, environmental regulations, and research subsidies to support local automotive production and encourage clean energy transitions. For example, the European Union and China have introduced stringent emissions regulations and EV mandates, directly influencing production priorities and market direction (OECD, 2021). In developing economies, favorable trade policies and investment incentives have encouraged the entry of foreign car manufacturers and joint ventures, especially in Southeast Asia and Africa.

Economic growth and rising middle-class income levels are critical in expanding the automotive consumer base. As economies develop, disposable income rises, leading to greater demand for personal vehicles, especially in emerging markets like India, China, and parts of Latin America. This demand not only drives domestic production but also draws foreign direct investment (FDI) into manufacturing plants, technology transfer, and skilled labor development (World Bank, 2023). The correlation between GDP growth and automobile demand is especially evident in middle-income economies where car ownership is transitioning from luxury to necessity.

Infrastructure development is another fundamental determinant. Efficient road networks, logistics systems, urban planning, and fuel distribution infrastructure support both production and end-use. Without well-developed infrastructure, vehicle demand remains limited due to operational inefficiencies and transportation bottlenecks. Countries like Thailand and Indonesia, with strong port, highway, and industrial zone systems, have become automotive manufacturing hubs in the ASEAN region due to their infrastructural readiness (ASEAN Automotive Federation, 2023).

Additionally, labor force capability and industrial ecosystem maturity are crucial. The availability of skilled workers, vocational training programs, and technical education determines the quality and scale of local production. Moreover, a robust network of component suppliers, logistics partners, and R&D facilities enables efficient and competitive automotive manufacturing. For instance, South Korea's rise as a global automotive exporter was strongly linked to its government-led industrial strategy and human capital investment in the 1990s and 2000s (Kim & Park, 2021).

Consumer behavior and preferences also shape industry expansion. In recent years, there has been a global shift in demand toward sustainable, fuel-efficient, and technologically advanced vehicles. Increasing awareness of environmental issues, combined with changing urban mobility preferences, has led to rising demand for compact cars, EVs, and ride-sharing models. Automotive companies are responding by customizing products to regional preferences, investing in localized production, and incorporating user-centric innovations (McKinsey, 2022). According to the above mentioned literature review, the sectors that expand the car automotive industry are explored such as Consumer Behavior, Urbanization & Infrastructure Development, Financial Accessibility, Government Policy and Regulation, Foreign Direct Investment and Trade, Technological Advancement, Industrial Base and Supply Chain, and Socio-Economic Stability.

### (i) Consumer Behavior

Consumer behavior fundamentally shapes the trajectory and expansion of the automotive industry. Consumers' brand preferences, decision-making processes, and emotional attachments directly influence vehicle demand, brand strategy, and market growth.

Strong brand attachment fosters consumer loyalty, repeat purchase behavior, and positive word-of-mouth all essential for sustaining long-term growth in the automotive sector. Verevka et al. (2019) investigated brand attachment in automotive markets and found that emotional connection to a brand significantly enhances customer retention and advocacy. Similarly, Park and MacInnis (2006) emphasize that factors such as trust, satisfaction, and brand identification are key predictors of loyalty in high-involvement purchases like automobiles.

Consumer perceptions of electric vehicles (EVs) also play a vital role. A systematic review by Pereira and Bhat (2024) synthesizes global literature on EV adoption and highlights that concerns over cost, battery range, and charging accessibility often act as adoption barriers, whereas eco-consciousness and perceived long-term savings drive acceptance. Irawati, Masruroh, and Normasari (2025) conducted an empirical study in Indonesia showing that performance expectancy, social influence, and personal innovativeness strongly influence consumers' intention to adopt EVs.

In emerging markets, consumer behavior is further shaped by cultural values and marketing communication. Azman and Mahmud (2020) examined the Malaysian automotive market and concluded that trust, perceived quality, and reputation positively impact car-buying decisions, while perceived risk and price sensitivity can hinder adoption. Their findings underscore the crucial importance of localized marketing and brand positioning strategies.

The interplay of emotional brand attachment, practical considerations (cost, performance, infrastructure), and sociocultural context determine consumer choice in automotive markets. Understanding these dynamics enables manufacturers and policymakers to tailor marketing strategies, product positioning, and education campaigns to drive broader market expansion.

### (ii) Urbanization & Infrastructure Development

Urbanization and infrastructure development form structural determinants that critically influence automotive industry expansion by shaping demand, mobility patterns, and enabling manufacturing logistics.

Rapid urbanization elevates the demand for private transportation due to population concentration in cities and increased commuting requirements. Di Clemente, Strano, and Batty (2020) found a strong correlation between urban population growth and motorization trends, particularly in emerging economies where improved income levels and urban sprawl accelerate vehicle ownership.

Road infrastructure significantly affects both production and consumption. Meijer et al. (2018) mapped global road networks and forecasted infrastructure expansion, revealing that increased road density and improved connectivity facilitate market penetration and vehicle distribution in developing regions. Furthermore, effective logistics networks including highways, ports, and industrial corridors directly impact manufacturers' ability to scale operations.

The emergence of connected and autonomous vehicle technologies requires advanced digital and physical infrastructure. Khan, Chowdhury, and Morris (2018) argue that investments in roadway sensors, 5G/IoT integration, and edge computing are essential to support vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication, which, in turn, accelerate future mobility trends.

Urban planning strategies that incorporate automotive infrastructure as a component of city development facilitate sustained industry growth. Norton (2008), in his historical analysis of American cities, demonstrates how early investments in car-centric infrastructure including highways and suburban planning stimulated automotive adoption. Developing regions benefit from integrated planning that blends public transit, road networks, and zoning policies favoring vehicle manufacturing hubs.

Urbanization drives demand while infrastructure both physical and digital enables efficient production, distribution, and next-gen mobility. The synergy between these elements forms a critical competitive advantage for countries seeking to expand their automotive sectors.

**(iii) Financial Accessibility**

Financial accessibility comprising bank credit, consumer loans, leasing, and subsidized financing is a vital enabler of automotive industry expansion. In mature markets, streamlined auto loan and lease programs reduce affordability burdens and directly boost vehicle purchases (Cox Automotive, 2025). According to the Dealertrack Credit Availability Index, auto loan accessibility reached its highest level since March 2023 by mid-2025, facilitating increased consumer financing (Dealertrack, 2025).

McKinsey & Company (2023) highlight that fintech innovation including online loan origination platforms and competitive credit scoring algorithms is opening up auto finance to previously underserved demographics, enhancing inclusion and demand potential. Furthermore, studies demonstrate that preferential interest rates and government-backed loan programs (e.g., green auto loans for EVs) reduce financial barriers and spur adoption, particularly in emerging markets (Introspective Market Research, 2024).

Additionally, research into default risk predictors (e.g., factors influencing vehicle loan delinquencies) reveals that economic indicators like employment stability and interest rate volatility play critical roles in shaping automotive demand through creditworthiness and risk appetite (ACM, 2025). Collectively, these findings affirm that financial mechanisms, accessible lending, and market stability are key in expanding the automotive market by making vehicle ownership feasible for broader consumer segments.

**(iv) Government Policy and Regulation**

Government policies and regulation exert a powerful influence on automotive industry expansion. Strategic implementation of subsidies, tariffs, and regulatory frameworks guides investment, production orientation, and consumer behavior.

For instance, India's Production-Linked Incentive (PLI) scheme offers over USD 3.6 billion in incentives specifically for EV and hydrogen vehicle manufacturing, significantly enhancing national clean mobility capacity and generating thousands of jobs (Wikipedia, 2024). These types of incentives also attract global auto players to localize production and invest in R&D.

In the UK, new EV subsidy programs (up to £3,750 per eligible car) and extensions to hybrid vehicle sales regulations exemplify targeted policy interventions aimed at easing the transition toward low emission vehicles and maintaining domestic industry viability amid global trade pressures (The Guardian, 2025).

On a broader scale, industrial policy research from MIT underscores that governments shape economic development through targeted support for infant industries, including automotive manufacturing, while establishing environmental and safety standards that drive innovation and modernization (MIT, 2021). As such, policy clarity, stability, and alignment with green and trade objectives are essential determinants of sector expansion.

**(v) Foreign Direct Investment and Trade**

Foreign direct investment and trade liberalization play crucial roles in scaling automotive production and integrating local industries into global value chains. According to Investment Monitor (2024), between 2019 and 2023, the automotive sector ranked among the top ten globally for greenfield investment inflows.

Research in India's auto industry reveals that FDI grew from about 2.6% of total FDI in 2011 to nearly 11.8% in 2022, driving employment, technological transfers, and higher production capacity (IJRASET, 2024). Similarly, deployment of global automotive value chains benefits from trade openness and streamlined regulatory regimes, which attract foreign automakers and accelerate industry maturation (IMF, 2001).

Longitudinal studies of host countries show that when FDI is integrated into domestic supply networks, it yields productivity spillovers, technology adoption, and localized business clustering. Conversely, weak governance, inadequate infrastructure, or lack of absorptive capacity can constrain these benefits (Moran, 2002).

**(vi) Technological Advancement**

Technological innovation particularly in electrification, connectivity, and mobility is a key engine driving the automotive industry's evolution. Hofmann, Neukart, and Bäck (2017) explore how AI, machine learning, and data analytics are transforming major sub-processes across the automotive value chain, enabling smarter manufacturing, customer personalization, and predictive maintenance.

Research published in MDPI's *Sustainability* shed light on higher R&D intensity and government technology support leading to greater innovation output among new-energy vehicle manufacturers (MDPI, 2024). A systematic literature review by ACC Science (2023) further identifies core drivers of innovation including product, process, and positioning innovations as determinants of firms' competitive advantage.

Finally, deep learning applications from image analysis to autonomous emergency braking are being widely adopted in ADAS (Advanced Driver Assistance Systems), with major implications for safety, convenience, and consumer trust (Singh & Arat, 2019).

### (vii) Industrial Base and Supply Chain

A robust industrial base and resilient supply chain ecosystem are essential pillars for the expansion of the automotive industry. The supply chain encompasses the full value network from raw materials through component manufacturing to assembly and sales and has major implications for production efficiency and regional economic resilience.

Local supplier clusters contribute to cost savings and innovation. According to Wheels & Wisdom, localized supplier ecosystems reduce logistical complexities, expedite just-in-time delivery, and promote innovation through collaborative proximity (supply chain multiplier effects). Furthermore, case studies such as Chennai's automotive corridor show how geographic agglomeration near ports, industrial parks, and testing infrastructure accelerates export-oriented production growth (Cruise on Wheels, 2023)

Human capital within industrial clusters is another crucial factor. A study of China's automobile sector by MDPI (2023) underscores how agglomeration triggers industrial upgrading, particularly when paired with sufficient human capital and R&D intensity. Regions with better educational attainment and skilled workforces are more capable of absorbing advanced automotive technologies (e.g., electric vehicles, automated systems) and scaling production (MDPI, 2023).

Technological readiness also plays into supply chain strength. Integration of technologies such as multi-access edge computing and V2X connectivity demands suppliers capable of delivering advanced electronics and software components. The deployment of digital infrastructure including MEC and IoT frameworks is vital to support next-generation mobility systems (Giust et al., 2018)

### (viii) Socio-Economic Stability.

Socio-economic stability is a foundational determinant of automotive industry expansion, as it directly influences consumer demand, investor confidence, and production resilience. A stable economy fosters reliable consumer income, which in turn increases demand for personal vehicles. For instance, households with consistent employment and rising incomes are more likely to finance new-car purchases, fueling sales growth (Cruise on Wheels, 2023). Conversely, during economic downturns—such as recessions—autonomous vehicle transactions often decline sharply, illustrating the car industry's sensitivity to macroeconomic fluctuations (Zen & Chill, 2023).

Moreover, political and institutional stability encourages foreign and domestic investment in automotive production. Research into FDI determinants highlights that countries with strong rule of law, transparent governance, and policy predictability attract greater investment into capital-intensive sectors like automotive manufacturing (Lim, 2001). This, in turn, facilitates technology transfer and long-term industrial development. During turbulent political conditions, investors both individuals and firms tend to postpone or withdraw investment, negatively impacting supply-chain growth and localization strategies.

Transparency and open access to data also contribute significantly to consumer confidence and market stability. According to an analysis on macroeconomic impacts, data transparency fosters trust among buyers and investors, reducing information asymmetry in high-value transactions such as vehicle purchases. This leads to increased liquidity in the automotive market as consumers feel secure investing in new vehicles (EconomicsOnline, 2024). In essence, socio-economic stability enables predictable market behavior, steady investment flows, and sustainable consumer demand, all of which are vital conditions for the automotive industry’s expansion.

## 2.6 Reviews on Previous Studies

Michael Gastrow (2012) conducted an extensive review on the trends shaping the global automotive manufacturing industry, emphasizing implications for developing countries. His study focused on how globalization influenced production shifts from western to eastern regions, the consolidation of supply chains, and the emergence of regional production networks. The research employed a literature-based approach to identify evolving dynamics in the industry, highlighting a growing concentration of innovation activities within developed countries and the increasing role of foreign direct investment (FDI) in shaping manufacturing landscapes in emerging economies. The study revealed that large developing countries such as China, India, and Brazil have become critical hubs for automotive production due to their market size and strategic policy interventions. In contrast, smaller developing countries have expanded their manufacturing capacity but faced limitations in innovation and technological upgrading. The study also examined the effects of the

2008–2009 global financial crisis, concluding that developing economies were comparatively resilient and benefited from the accelerated global shift in production and supply chain restructuring. Overall, the research underscored the importance of technology transfer, absorptive capacity, and strategic partnerships in strengthening automotive sectors in developing nations. By mapping structural changes and identifying opportunities for industrial growth, Gastrow's review provides valuable insights into how developing countries can better position themselves within global value chains.

Wang Fan and Muhammad Iqbal (2023) examined the economic, social, and environmental determinants of automotive industry competitiveness across 14 Asian countries from 1991 to 2020. Their study utilized the Revealed Comparative Advantage (RCA) index and applied fixed-effect panel regression models to assess long-term trends and cross-country variation. The research emphasized how external factors like GDP per capita, lending rates, education, urbanization, tariffs, and carbon emissions influence the sector's export performance. The findings revealed that economic performance and human capital development were positively correlated with industry competitiveness, suggesting that nations with robust economic stability and skilled labor forces tended to outperform others in automotive exports. Urbanization also contributed positively by expanding market demand and improving supply chain infrastructure. Tariff policies, when balanced, were found to protect domestic manufacturers and foster growth. Conversely, the study highlighted that high lending rates and elevated carbon emissions negatively impacted competitiveness. Increased borrowing costs hindered industrial expansion and technological upgrades, while high emissions posed environmental compliance challenges and reputational risks. Overall, the authors underscored the need for strategic policymaking particularly in managing financial access, workforce development, and sustainability regulations to enhance the global standing of the automotive sector in developing economies.

Suwinto Johan (2019) analyzed the macroeconomic determinants of automobile sales in Indonesia between 1986 and 2016, focusing on both car and motorcycle segments. The study employed regression analysis using five key macroeconomic indicators: exchange rate (USD to IDR), Gross Domestic Product (GDP), GDP growth rate, inflation, and interest rate. The empirical approach incorporated lag variables where appropriate, ensuring temporal relevance to automobile purchasing behavior. The findings revealed that GDP and GDP growth significantly influenced both car and motorcycle sales. Higher national income levels and economic growth directly improved consumers' purchasing power and access to vehicle financing. This correlation was more pronounced in car sales, indicating greater sensitivity to macroeconomic shifts among higher-income consumer segments. Conversely, the study found that exchange rate fluctuations, inflation, and interest rates had no statistically significant effect on vehicle sales during the observed period. This suggests that while price adjustments occur due to exchange rate volatility and inflationary pressures, consumer demand particularly in the motorcycle segment remains relatively stable due to affordability and necessity-driven consumption. Overall, Johan's research provides robust evidence that economic expansion, measured by GDP metrics, is the primary driver of automotive demand in Indonesia. The limited impact of financial variables like interest rate and inflation indicates a resilient consumer base, with motorization increasingly tied to broader patterns of economic development and rising income levels.

Nor Syifaa Izzati Ramli (2021) investigated the macroeconomic determinants of car sales in ASEAN, focusing on five countries Malaysia, Thailand, Vietnam, the Philippines, and Brunei over the period 2010 to 2019. The study centered on two key indicators: inflation rate and unemployment rate, employing regression and correlation analyses to assess their impact on the automotive sector's performance. The findings revealed a statistically significant negative relationship between inflation and car sales, suggesting that rising consumer prices constrain vehicle affordability and dampen consumer demand. The study posited that inflation not only increases production costs for auto manufacturers and suppliers but also reduces real purchasing power, thereby weakening overall market performance. Conversely, the unemployment rate was found to have no statistically significant influence on car sales. While higher unemployment theoretically affects economic growth and consumer spending, the research indicated that this variable alone did not sufficiently explain variations in vehicle demand across the sampled ASEAN countries. Overall, the study underscored inflation as a primary macroeconomic factor influencing the automotive industry's trajectory in Southeast Asia. By isolating its impact, Ramli's work offers relevant insights for automotive firms such as Robert Bosch Automotive Steering, especially in planning production volumes and navigating pricing strategies under shifting economic conditions.

# CHAPTER III
# OVERVIEW OF THE MYANMAR CAR AUTOMOTIVE INDUSTRY

## 3.1 Historical Background of Myanmar Automotive Car Industry

Myanmar’s automotive industry offers a compelling reflection of the country’s broader economic transitions from colonial administration and state socialism to market liberalization and regional integration. The first automobile entered Myanmar in 1905 under British rule, with early regulatory structures based on Indian legal frameworks (Ipsos, 2013). Post-independence engagement with global manufacturers, such as Toyota’s 1956 delivery of Land Cruisers as part of wartime reparations, marked the beginning of foreign participation in the sector.

However, restrictive import policies under socialist rule curtailed industry growth until the 1980s, when limited exemptions allowed overseas Myanmar nationals to bring vehicles home. A turning point occurred in 2011, when the government launched the “old car replacement program” and progressively dismantled long-standing import barriers. This ushered in a wave of foreign brands and commercial dealerships, fundamentally reshaping the vehicle landscape and consumer behavior.

The development of Myanmar's automotive industry encapsulates a century-long journey shaped by colonial legacies, socialist policies, market reforms, and regional trade aspirations. Its trajectory offers critical insights into how policy, consumer behavior, and international dynamics interact to shape a nation's mobility landscape.

The earliest recorded introduction of the automobile in Myanmar dates back to 1905, a moment that juxtaposed modern transport against the traditional bullock carts that had long dominated local roads. This milestone occurred under British colonial administration, during which Myanmar was governed as part of British India. In 1914, the India Motor Vehicle Act was ratified to regulate vehicular activity across colonial territories. Myanmar adopted this legal framework, and in 1915, it supplemented the broader regulations with its own Myanmar Motor Vehicle Rules, establishing a foundation for domestic governance of automobiles.

In 1956, the global automotive giant Toyota exported 22 Land Cruiser J20 Series vehicles to Myanmar as part of World War II compensation. This marked one of the earliest instances of international automotive engagement and reflected Myanmar's peripheral role in Asian trade flows during that era. By 1962, Myanmar's urban centers were growing increasingly motorized, with around 30,000 vehicles traversing its roads. However, the emergence of a socialist government brought about substantial import restrictions. Private ownership and foreign dealership operations were severely curtailed, stalling the industry's growth for several decades.

Limited import allowances re-emerged in 1979, permitting select Myanmar nationals seamen, foreign ministry personnel, and overseas scholars to import one vehicle for every three years spent abroad. These privileges were expanded in 1983, allowing annual vehicle imports for qualifying individuals. Although modest in scope, these regulatory shifts marked the beginning of a slow liberalization process.

The pivotal transformation occurred in 2011, when Myanmar embarked on sweeping political and economic reforms. A hallmark policy was the "old car replacement program," which allowed owners of older, registered vehicles to exchange them for newer imports specifically models produced between 1999 and 2006. By August 2012, over 58,000 import permits had been issued under this initiative. In parallel, the government authorized car purchases via consignment-based showrooms, requiring operators to place substantial financial deposits at state banks. Yangon saw the emergence of approximately 200 sales centers, with inventory volumes ranging from 30 to 300 vehicles each, while smaller-scale facilities were established in other major cities.

Further liberalization arrived in 2012, allowing all citizens to import vehicles manufactured from 2007 onward. Eligibility was extended to those holding foreign currency accounts at Myanmar Foreign Trade Bank (MFTB), Myanmar Economic Bank (MEB), or Myanmar Investment Commercial Bank (MICB). Although the car substitution scheme was suspended, holders of existing permits retained their import rights. These reforms opened the door for global automotive brands including Toyota, Ford, Hyundai, BMW, and Nissan to penetrate Myanmar's market through local dealerships and service networks.

Myanmar’s growing engagement in regional integration efforts was evidenced by its participation in cross-border transport projects, such as the India-Myanmar-Thailand Trilateral Highway. In 2015, a motor vehicle trial run was conducted along this corridor, promoting connectivity and signaling Myanmar’s strategic role in Southeast Asia’s automotive and logistics ecosystem. While the final Motor Vehicle Agreement was under review in 2017–2018, such initiatives laid the groundwork for cross-border mobility and trade facilitation.

Despite global disruptions caused by the COVID-19 pandemic, Myanmar’s vehicle market demonstrated resilience. In early 2020, the country recorded 11.1% growth in automobile sales one of the few ASEAN nations to post positive figures during that period. By 2023, attention began to shift toward electric vehicles (EVs), spurred by government incentives and growing interest among elite and military buyers. Chinese brands such as BYD and Neta gained traction, particularly in cities like Nay Pyi Taw. Nonetheless, inadequate charging infrastructure and unreliable electricity supply continued to hinder widespread adoption.

In the first quarter of 2025, the industry rebounded impressively, with overall vehicle sales rising 25.7% year-on-year. EV manufacturers captured approximately 85% of the market, led by BYD with a 35.9% share. Toyota also saw significant growth, reporting a 184.2% increase during the same period. Vehicle registrations are expected to expand at an average annual rate of 4.2%, rising from 25,000 units in 2023 to roughly 33,000 units by 2028. Following the March 28 earthquake in 2025, market conditions stabilized. Internal combustion engine (ICE) vehicles continued to dominate especially in the mid-range segment reflecting steady consumer demand and price stability.

Today, Myanmar’s automotive sector remains heavily import-dependent, with customs duties and engine-based levies accounting for a major share of final vehicle costs. Urban demand for private cars, motorcycles, and public transport continues to rise, paralleled by emerging logistics needs in all regions throughout the nation.

### 3.2 Initial Automotive Reforms in Myanmar

Between 2010 and 2014, Myanmar underwent a significant shift in its automotive industry, driven by broader political and economic reforms. Under President U Thein Sein’s semi-civilian government, the country began liberalizing key sectors after decades of strict state control. One of the earliest reforms was the liberalization of vehicle imports, which allowed individuals not just elites or government-linked entities to import used cars.

The introduction of the Used Car Import Policy marked a turning point. Citizens were now permitted to import secondhand vehicles, primarily from Japan, resulting in a rapid influx of right-hand drive (RHD) cars. Although Japan was a reliable source of well-maintained vehicles, the dominance of RHD models created safety challenges on Myanmar's right-driving roads.

To modernize the aging vehicle fleet, the government also implemented a Scrappage Program. This required deregistering vehicles manufactured before 1995 in exchange for approval to import a newer one. The policy aimed to gradually eliminate outdated, high-emission vehicles from Myanmar's roads.

These changes, over 300,000 vehicles were imported between 2010 and 2014. While this significantly improved vehicle accessibility for the general population, it also led to new urban challenges particularly in Yangon. The city experienced worsening traffic congestion, limited parking availability, and rising air pollution, as infrastructure failed to keep pace with the automotive boom.

Overall, the 2010–2014 reforms transformed Myanmar's vehicle market but also underscored the urgent need for better urban planning and traffic management policies.

## 3.3 Government Policies and Regulatory Framework

The development of Myanmar's automotive industry has been shaped by a series of policy reforms and regulatory measures introduced over the years to address import control, local assembly promotion, and sustainable transportation. These policy changes reflect the government's efforts to manage the rapid growth of vehicle imports, encourage industrial development through SKD/CKD systems, and align with international road and environmental standards. Understanding the timeline of these reforms is essential for assessing the strategic direction and progress of the industry. The following section outlines the key milestones and policy decisions that have defined Myanmar's automotive roadmap from 2010 onward. The sequence of key policy actions outlined below illustrates how the government gradually structured its regulatory framework to manage importation, encourage local assembly, and support future-oriented development.

The Automobile Import Authority and Control Committee was form in 2010 September to oversee and regulate vehicle imports and assembly rules and regulations. Between 2010 and 2015, vehicle import permits were freely granted based on several criteria: availability of a designated car parking space, eligibility of seafarers and overseas workers earnings, replacement of existing vehicles, individual permits and Semi Knocked Down (SKD) assembly factory permits. As part of a long-term industrialization strategy, SKD companies were required to transition to Completely Knocked Down (CKD) assembly operations within a 10-year timeframe. During the period of 2013 to 2014, the government introduced import tax rates ranging from 20% to 5% for SKD vehicles, aiming to incentivize partial local assembly. In 2015, policy shifted to permit only the importation of left-hand drive (L.H.D) vehicles, aligning with national traffic standards and regional practices. A significant step toward modernization came in 2022 with the formation of the Electric Vehicle (EV) Development Steering Committee under national-level leadership, reflecting a forward-looking approach toward sustainable mobility solutions.

To manage growing traffic and congestion, the Yangon Regional Transport Authority and the Department of Road Transport introduced stricter vehicle registration rules between 2015 and 2018. These rules limited the registration of new vehicles within Yangon unless owners could prove they permanent residents if Yangon region. Additionally, replacement of old cars over 20 years and SKD assembly cars can have Yangon licenses.

In 2019, the Ministry of Industry launched the Re-new Automotive Policy 2014-2019, a 10-year plan to build a local automotive industry. The key goals included increasing local production to 50% by 2030 through assembly of Completely Knocked Down (CKD) and Semi-Knocked Down (SKD) kits. The policy aimed to attract foreign direct investment, support local parts suppliers, and encourage technology transfer. To help achieve this, the government established Automotive Industrial Zones in Yangon, Mandalay, and Bago, offering incentives such as tax exemptions for up to seven years and duty-free import of machinery and parts.

From 2021 October, government temporarily stopped both import (both brand new and reconditioned) and SKDs production of ICE cars (Internal Combustion Engine) to regulate the foreign exchange fluctuation and import licensing of other essential goods.

In 2022 third-quarter, to address environmental concerns and to in line with global trends, the government began promoting electric vehicles (EVs). Policies included tax exemptions on EV imports and participation in regional EV initiatives. However, challenges remain, such as limited charging infrastructure and lack of local EV manufacturing.

The Myanmar's government policies have focused on balancing vehicle accessibility with sustainable industry growth, while gradually introducing regulations to improve urban transport and support new technologies.

### 3.4 Trade Policy related Automotive During (2010-2024)

From 2015 to 2018, Myanmar's automotive sector experienced a shift in focus from rapid liberalization to more controlled and urban-sensitive policies. The government began tightening import regulations and attempting to address the unintended consequences of earlier reforms, particularly in urban centers like Yangon.

In response to growing congestion, the Yangon Regional Government banned the registration of newly imported vehicles within city limits starting in 2017. This move aimed to curb the increasing number of vehicles on the roads, which had outpaced infrastructure development. Simultaneously, the central government began limiting import licenses based on specific criteria such as engine size, model year, and designated entry points. These tighter regulations sought to control the types and volume of vehicles entering the country.

During this period, the government also shifted its focus toward domestic vehicle assembly. It promoted SKD (semi-knock-down) and CKD (completely-knocked-down) operations, encouraging foreign and local firms to set up basic assembly plants. This was intended to reduce dependency on fully built imports and foster local industrial development, though results remained modest.

The Ministry of Commerce updated import rules annually, creating a volatile environment for automotive businesses. Frequent changes in policy made long-term planning difficult for importers and dealers. While there was increased emphasis on importing left-hand drive (LHD) vehicles to align with Myanmar's road system, there was still no clear roadmap for a complete nationwide transition from right-hand drive vehicles, leaving regulatory uncertainty in the market.

In 2019, Myanmar took a strategic step toward modernizing its automotive sector by launching the Automotive Policy 2019, a comprehensive 10-year roadmap led by the Ministry of Industry. This policy aimed to transform the country from a vehicle import-dependent market into a regionally competitive automotive producer.

Key goals included achieving 50% local production, both in terms of assembly and locally sourced parts, by 2030. The policy emphasized the development of local suppliers, aiming to create an integrated manufacturing ecosystem that would generate employment, attract foreign direct investment (FDI), and facilitate technology transfer into the country.

To support these ambitions, the government established automotive industrial zones in strategic locations such as Bago and Mandalay, offering Myanmar Investment Commission (MIC) incentives to encourage investor participation. Companies involved in CKD (completely knocked down) and SKD (semi-knocked down) assembly projects received tax exemptions on imported machinery and parts, making local assembly more financially viable.

The policy also encouraged the emergence of local automotive brands through joint ventures with foreign partners. One example is Myanmar Motor Corporation (MMC), which aimed to build national brand identity and industrial capacity within the automotive space.

The period from 2021 to 2024 was marked by significant challenges for Myanmar’s automotive sector, driven largely by the country’s political transition. The resulting instability triggered widespread foreign sanctions, a collapse of the national currency, and disruptions in the banking system, all of which had a profound impact on the automotive industry.

In response to the economic crisis, the Central Bank imposed strict foreign exchange controls, requiring all foreign currency transactions to be conducted at official exchange rates. This policy made vehicle imports more difficult and expensive, as every import now required special government approval. Consequently, formal vehicle imports declined sharply, while informal cross-border trade especially along borders with Thailand and China increased to meet demand.

The automotive sector also faced fuel shortages, which unexpectedly fueled interest in electric vehicles (EVs) as an alternative mode of transport. However, the country’s EV infrastructure remained largely undeveloped, limiting the immediate impact of this shift.

Local vehicle manufacturing suffered considerably during this period, as many foreign investors and manufacturers either paused operations or withdrew from the market entirely, further stalling the progress made in earlier years.

The post-2021 political and economic upheaval brought Myanmar's automotive industry into a state of uncertainty, forcing both consumers and businesses to adapt rapidly to a new and challenging environment.

### 3.5 Foreign Direct Investment in the Automotive Industry

Foreign Direct Investment (FDI) plays an important role in the growth of many industries around the world. In Myanmar, the automotive sector is one area with significant potential to benefit from foreign investment. Although the country's automotive industry is still in the early stages, factors such as Myanmar's location, affordable labor, and growing demand for vehicles create opportunities for foreign companies. At the same time, challenges like political uncertainty, weak infrastructure, and complex regulations affect the scope and success of such investments. This essay explores the current state of Myanmar's automotive industry, the potential and challenges for FDI, the role of government policies, and the future outlook.

Myanmar's automotive industry is young and developing. At present, the country imports most of its vehicles from neighboring countries like Thailand, China, and Japan. While there is some vehicle assembly taking place locally, large-scale manufacturing and technological development are limited. Compared to countries nearby, Myanmar's automotive sector depends heavily on imports and small-scale assembly, rather than producing cars domestically. This means the industry is still in its early growth phase.

FDI in Myanmar's automotive sector can benefit the country's economy in multiple ways. It can help diversify Myanmar's economy, which currently depends heavily on agriculture and natural resources. Developing automotive manufacturing can create new industries and reduce this reliance. Foreign investment also brings technology transfer, including modern manufacturing techniques and improved supply chain management. This helps strengthen Myanmar's industrial base. In addition, FDI generates jobs in factories, sales, and service centers, while providing training and skill development opportunities for Myanmar's workforce. Moreover, it also helps to improve related sectors such as workshop and maintenance servicing, financing and institute.

The presence of renowned international brands such as Suzuki, which has operated local assembly plants for years, reflects investor confidence and contributes to technology transfer and employment. Similarly, Hyundai's involvement brings global manufacturing standards and a modern brand image to the domestic market. From China, companies like Chery Group and Changan represent key players introducing affordable models and electric vehicle potential. Additionally, Gold AYA Motor, in collaboration with Jetour, foreign partners, supports local vehicle assembly and demonstrates growing interest in Myanmar as a strategic production hub. Collectively, these investments contribute to industrial development, infrastructure improvement, and the creation of a more competitive automotive ecosystem.

Myanmar's automotive sector presents significant potential for foreign direct investment, thanks to its location, labor costs, and growing market demand. While challenges such as political instability, regulatory hurdles, currency exchange fluctuation and underdeveloped infrastructure exist, the government's policies and regional trade agreements provide a foundation for growth. The future of Myanmar's automotive industry, especially in electric vehicles and green technology, depends largely on political stability and improvements in economic and infrastructure conditions. If these issues are addressed & solved, foreign investment could play a key role in transforming Myanmar's automotive sector and contributing to the country's overall economic development.

### 3.6 Market Size, Growth and Consumer Insights

Since the liberalization of vehicle imports in 2011, Myanmar has seen substantial growth in its automotive market, with over 1 million used cars imported up to 2020. The majority of these vehicles came from trusted Japanese brands such as Toyota, Nissan, Honda, and Mitsubishi. The market preference strongly favored right-hand drive (RHD) vehicles, mainly due to their affordability and familiarity among consumers. However, following the political upheaval and resulting policy changes after 2021, vehicle import numbers dropped sharply because of tightened licensing restrictions and foreign exchange controls.

In terms of local assembly, Suzuki Myanmar has been the most successful player, producing over 13,300 vehicles in 2019. Their product lineup included popular models such as Carry mini trucks, Swift hatchbacks, and Ertiga MPVs. Meanwhile, Toyota Myanmar inaugurated a US$52 million plant in Bago during 2020–2021, focusing on assembling Hilux pickups. Ford, through Capital Automotive, operated an assembly plant near the Hlaing Tharyar Industrial Zone, producing Everest SUVs. Additionally, Chinese automotive brands like Chery and BYD began exploring partnerships to introduce electric vehicles (EVs) into Myanmar's market after 2022.

Regarding sales trends, the peak for new car sales occurred in 2018, with approximately 20,000 to 25,000 units sold. The used car market remained robust between 2015 and 2019, averaging around 100,000 to 120,000 units annually. However, the economic challenges of 2022–2023 caused new car sales to plummet to below 5,000 units per year.

## 3.7 Growth and Expansion of Myanmar' Automotive Car Industry

Myanmar's automotive car industry has undergone significant transformation over the past two decades, moving from a tightly controlled market dominated by used imported cars to an increasingly liberalized and diversified sector. Several critical determinants have driven this growth and expansion. Among them, significant factors that present the growth and expansion of Myanmar's Automotive Car Industry are Permit approval, FDI, Infrastructure Development, Economics along with GDP Growth and Insurance Sector Development.

Myanmar's automotive industry is supported by a network of professional associations and financial institutions that contribute to its structural development and operational resilience. Central to this framework are two leading industry bodies: the Myanmar Automobile Manufacturers and Distributors Association (MAMDA) and the Automotive Association of Myanmar (AAM).

MAMDA plays a pivotal role in organizing, representing, and promoting automotive manufacturers and authorized distributors across the country. Through its engagement in trade policy discussions, import facilitation, and showroom development, the association works closely with government ministries and private investors to advance sectoral interests. It also collaborates with relevant chambers of commerce and coordinates with international partners to align local practices with global standards.

The Automotive Association of Myanmar (AAM) complements this effort by actively supporting dealership growth and brand diversification. Its latest initiative features the launch of a flagship showroom showcasing an impressive lineup of international brands, including Mercedes-Benz, BMW, Ford, Land Rover, Jaguar, Mazda, DFSK, Borgward, HAVAL, and Changan. By acting as an umbrella organization and sister association under the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), AAM promotes both fully built-up (CBU) and semi-knocked down (SKD) operations, encouraging private sector participation and infrastructure investments across car sales centers nationwide.

### 3.6.1 Import (I.C.E), EV and SKD Data

Prior to 2021, Myanmar's automotive market was dominated by ICE vehicles, primarily imported as used Japanese models. These represented over 95% of all vehicle imports due to liberal import policies introduced after 2011 (Japan International Cooperation Agency , 2014).

However, following the military takeover in 2021, Myanmar largely banned the import of gasoline- and diesel-powered vehicles, severely constraining future ICE supply chains and domestic vehicle imports. As per government mandates, all fuel-powered imports required strict prior permits and faced growing restrictions, resulting in a steep decline in ICE volume in 2023–2025.

Under the MIC-approved licenses, numerous companies have been importing motor vehicle components between 2016 and 2025. The list includes over 20 companies such as Gold AYA Motors (Jetour), Suzuki Myanmar (Suzuki), and Tan Chong Motor (Nissan), representing a wide range of international vehicle brands. This diversity highlights the growing dynamism and investment potential in Myanmar's automotive market, driven by both regional and global players.

From September 2013 to December 12, 2023, a total of 80 vehicle showrooms, 47 with valid licenses and 33 with expired licenses were granted import permissions. Among the permitted units, some were transferred to others, some were canceled or suspended, and the majority were physically received. This data highlights the operational activities of licensed motor vehicle showrooms over the specified period.

From the fiscal year 2011–2012 to 2020–2021, Myanmar imported nearly 1 million internal combustion engine (I.C.E) vehicles, including passenger cars, buses, trucks, and commercial vehicles. Passenger vehicles consistently made up the largest share, totaling over 500,000 units, highlighting strong consumer demand and the country's growing reliance on imported transport solutions.

Between 2023 and 2024, a total of 5,628 electric vehicles (EVs) were imported into Myanmar, with SUVs and Hatchback models leading the trend. The sharp increase from 1,501 units in 2023 to 4,127 units in 2024 reflects growing interest and adoption of EVs across diverse vehicle categories, driven by supportive government policies and rising consumer awareness.

Between the fiscal years 2016–2017 and 2024–2025, a total of 462,297 vehicles were assembled in Myanmar under SKD and CKD systems, with SKD accounting for the vast majority. The data shows a notable peak in SKD production during 2023–2024, reflecting increased efforts toward domestic assembly despite challenges in investment and production continuity.

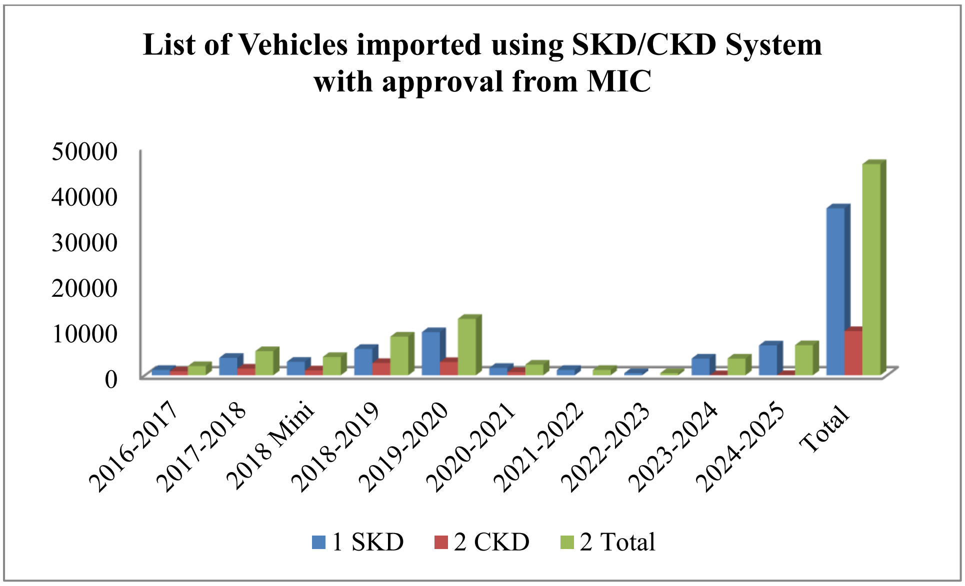
**Table (3.1) List of vehicles imported using SKD/CKD system with approval from MIC**

**Unit**

| Sr | Type | 2016-2017 | 2017-2018 | 2018 Mini | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | SKD | 1158 | 3821 | 2949 | 5787 | 9455 | 1623 | 1156 | 456 | 3656 | 6548 | 36609 |
| 2 | CKD | 842 | 1464 | 1060 | 2680 | 2906 | 696 | | | 10 | 30 | 9688 |
| | **Total** | **2000** | **5285** | **4009** | **8467** | **12361** | **2319** | **1156** | **456** | **3666** | **6578** | **46297** |

Source: Ministry of Commerce, 2025

**Figure (3.1) List of vehicles imported using SKD/CKD system with approval from MIC**




Source: Ministry of Commerce, 2025

**Table (3.2) MIC-Approved Companies and Vehicle Brands**

| No | Company Name | Brand Name | Location |
|---|---|---|---|
| 1 | Myanma Economic Holdings Ltd. | Military Vehicles | Yangon |
| 2 | Gold AYA Motors Intemational Group Co., Ltd. | Jetour | Myoe Tha, Mandalay |
| 3 | Dagon Arr Mahn Thit Co., Ltd. | Soueast | Yangon |
| 4 | Aung Aabar Motor Services Co., Ltd. | BAIC | Yangon |
| 5 | Tan Chong Motor (Myanmar) Co., Ltd. | Nissan | Yangon |
| 6 | Shwe Daehan Motors Co., Ltd. | Hyundai | Yangon |
| 7 | Suzuki (Myanmar) Motor Co., Ltd. | Suzuki | Yangon |
| 8 | Capital Motors Ltd. | Ford | Yangon |
| 9 | Super Seven Stars Motors Industry Co., Ltd. | KIA | Yangon |
| 10 | Myanmar Brilliance Auto Co., Ltd. | Brilliance | Yangon |
| 11 | Go Excellent (Myanmar) Co., Ltd. | Borgward | Yangon |
| 12 | SC Auto (Myanmar) Co., Ltd. | SC Neustar | Yangon |
| 13 | Khaing Khaing San Da Group Ltd. | Khaing Khaing San Da | Yangon |

| No | Company Name | Brand Name | Location |
|---|---|---|---|
| 14 | Myanmar General Motor Co., Ltd. | MG | Yangon |
| 15 | Dongfeng Motor Corporation Co., Ltd. | Dong Feng | Yangon |
| 16 | Shwe Tun Co., Ltd. | Foreland | Yangon |
| 17 | Myanmar Motor Corporation Co., Ltd. | Isuzu | Yangon |
| 18 | Thiha Min Swe Automotive Co., Ltd. | Jetour, Soueast, Curry | Yangon |
| 19 | Summit SPA Motors Ltd. | Hino | Yangon |
| 20 | Yaung Ni Oo Automobile Co., Ltd. | DFS K | Yangon |
| 21 | All Grace Co., Ltd. | SWM | Yangon |
| 22 | SC Auto (Myanmar) Co., Ltd. | SC Neustar | Yangon |
| 23 | Daewoo Bus Myanmar Co., Ltd. | Daewoo | Yangon |
| 24 | Myanmar Arr Thit Man Motor Co., Ltd. | Changan, Faw Bestune | Yangon |
| 25 | Dynamic Industry Co., Ltd | Heavy Machinery | Yangon |
| 26 | APM Auto Components Myanmar Co., Ltd. | Heavy Machinery | Yangon |

Source: Ministry of Commerce, 2024

**Table (3.3) Motor Vehicle Showroom Operations and Permit Utilization**

**Unit**

| Sr | Description | Volume | Location |
|---|---|---|---|
| 1 | Existing showroom { Passenger, Commercial (Small/Medium)} | 47 | Yangon |
| 2 | Life Expiry Showroom { Passenger, Commercial (Small/Medium)} | 33 | Yangon |
| | Sub Total | 80 | |
| 1 | Existing showroom (Passenger, Commercial (Small/Medium) | 32 | Yangon |
| 2 | Life Expiry Showroom (Passenger, Commercial (Small/Medium) | 17 | Yangon |
| | Sub Total | 49 | |
| | Grand Total | 129 | |

Source: Ministry of Commerce, 2024

**Table (3.4) Vehicles imported by Fiscal Year (By Sea & By Border)**

Unit

| Sr | Type | 2021-2022 (Mini Budget) | | | 2022-2023 (Mini Budget) | | |
|---|---|---|---|---|---|---|---|
| | | By Sea | By Border | Total | By Sea | By Border | Total |
| | | Volume | Volume | Volume | Volume | Volume | Volume |
| 1 | Passenger Vehicle | 2348 | | 2348 | 97 | | 97 |
| 2 | Bus | 119 | 13 | 132 | 73 | 5 | 78 |
| 3 | Truck | 754 | 95 | 849 | 136 | 49 | 185 |
| 4 | Commercial vehicle | 1242 | 148 | 1390 | 203 | 54 | 257 |
| 5 | Vehicle Spare Part | | | 0 | | | 0 |
| | Total | 4463 | 256 | 4719 | 509 | 108 | 617 |

Source: Ministry of Commerce, 2024

**Table (3.5) Permit approval for Motor SparePark with approval of SKD/CKD System**

| Sr | Fiscal Year | Vehicle Volume | Permit Volume | CKD | SKD |
|---|---|---|---|---|---|
| 1 | 2016-2017 | 2000 | 115 | 842 | 1158 |
| 2 | 2017-2018 | 5285 | 207 | 1464 | 3821 |
| 3 | 2018 Mini | 4009 | 117 | 1060 | 2949 |
| 4 | 2018-2019 | 8467 | 258 | 2680 | 5787 |
| 5 | 2019-2020 | 12361 | 423 | 2906 | 9455 |
| 6 | 2020-2021 | 2319 | 185 | 696 | 1623 |
| 7 | 2021-2022 | 1156 | 76 | | 1156 |
| 8 | 2022-2023 | 456 | 24 | | 456 |
| 9 | 2023-2024 | 3666 | 321 | 10 | 3656 |
| 10 | 2024-2025 | 6578 | 443 | 30 | 6548 |
| | Total | 46297 | 2169 | 9688 | 36609 |

Source: Ministry of Commerce, Myanmar, 2025

**Table (3.6) List of companies and vehicle brands importing vehicle parts under MIC permit (2016-2025)**

| No. | Company Name | Brand Name |
|---|---|---|
| 1 | Myanma Economic Holdings Ltd. | Military Vehicles |
| 2 | Gold AYA Motors International Group Co., Ltd. | Jetour |
| 3 | Dagon Arr Mahn Thit Co., Ltd. | Soueast |
| 4 | Aung Aabar Motor Services Co., Ltd. | BAIC |
| 5 | Tan Chong Motor (Myanmar) Co., Ltd. | Nissan |
| 6 | Shwe Daehan Motors Co., Ltd. | Hyundai |
| 7 | Suzuki (Myanmar) Motor Co., Ltd. | Suzuki |
| 8 | Capital Motors Ltd. | Ford |
| 9 | Super Seven Stars Motors Industry Co., Ltd. | KIA |
| 10 | Myanmar Brilliance Auto Co., Ltd. | Brilliance |
| 11 | Go Excellent (Myanmar) Co., Ltd. | Borgward |
| 12 | SC Auto (Myanmar) Co., Ltd. | SC Neustar |
| 13 | Khaing Khaing San Da Group Ltd. | Khaing Khaing San Da |
| 14 | Myanmar General Motor Co., Ltd. | MG |
| 15 | Dongfeng Motor Corporation Co., Ltd. | DongFeng |
| 16 | Shwe Tun Co., Ltd. | Foreland |
| 17 | Myanmar Motor Corporation Co., Ltd. | Isuzu |
| 18 | Thiha Min Swe Automotive Co., Ltd. | Jetour, Soueast, Karny |
| 19 | Summit SPA Motors Ltd. | Hino |
| 20 | Yaung Ni Oo Automobile Co., Ltd. | DFSK |
| 21 | All Grace Co., Ltd. | SWM |
| 22 | Daewoo Bus Myanmar Co., Ltd. | Daewoo |
| 23 | Myanmar Arr Thit Man Motor Co., Ltd. | Changan, Faw Bestune |
| 24 | Dynamic Industry Co., Ltd | Heavy Machinery |
| 25 | APM Auto Components Myanmar Co., Ltd. | Heavy Machinery |

Source: Ministry of Commerce, Myanmar, 2025

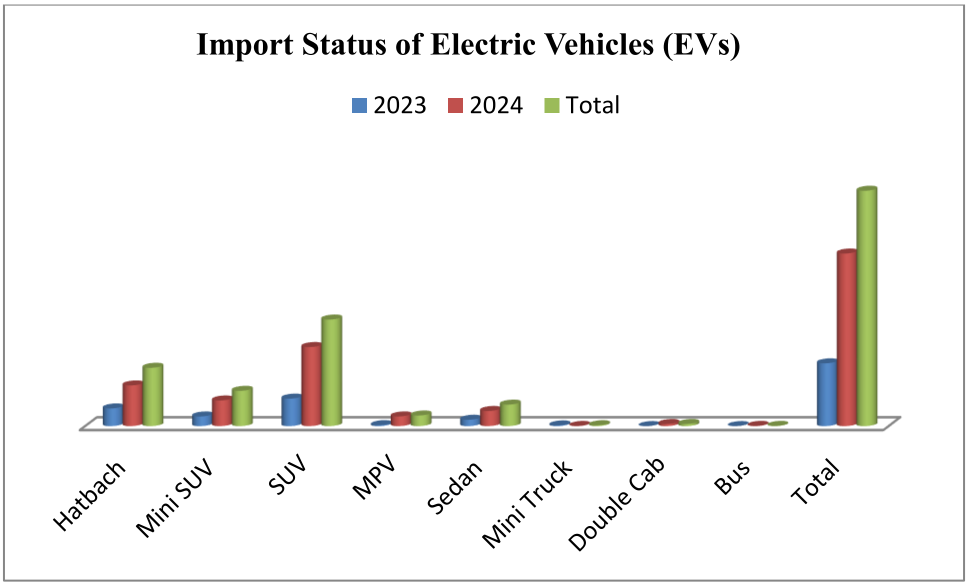
**Table (3.7) Import Status of Electric Vehicles (EVs)**

**Unit**

| **Sr** | **Year** | **Hatbach** | **Mini SUV** | **SUV** | **MPV** | **Sedan** | **Mini Truck** | **Double Cab** | **Bus** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2023 | 422 | 230 | 657 | 22 | 152 | 17 | 1 | - | 1501 |
| 2 | 2024 | 972 | 613 | 1891 | 231 | 361 | 4 | 50 | 5 | 4127 |
| | Total | 1394 | 843 | 2548 | 253 | 513 | 21 | 51 | 5 | 5628 |

Source: Ministry of Commerce, Myanmar, 2024

Figure (3.2) Import Status of Electric Vehicles (EVs)




Source: Ministry of Commerce, Myanmar, 2024

### 3.6.2 FDI Role in expansion of Automotive Car Industry

Foreign Direct Investment (FDI) has been a pivotal driver in Myanmar's automotive industry development, helping transform it from an import-dominated market into a budding hub of local assembly, technology transfer, and industrialization.

### (i) Special Economic Zones (SEZs) as Investment Hubs

The creation of Special Economic Zones (SEZs), particularly the Thilawa SEZ a joint Myanmar–Japan initiative served as a cornerstone for attracting automotive FDI. Operational from 2015, Thilawa offers streamlined business systems, tax incentives, and modern infrastructure that appeal to foreign automotive firms

(Wikipedia contributors, 2024). For example, Toyota has announced plans to invest US$52.6 million in an SKD assembly plant within Thilawa, producing some 2,500 Hilux trucks annually from 2021 onwards (Oxford Business Group, 2019). This facility aims to generate around 130 local jobs, in addition to existing industrial employment within the SEZ.

**(ii) Arrival of Foreign Automakers and Local Assembly Plants**

Entering post-2012 reforms, multinational automotive brands including Suzuki, Nissan (via Tan Chong Motor), and Hyundai have established assembly facilities in Myanmar. Suzuki began local assembly in Yangon, while Nissan, under Tan Chong Motor, received licensing to manufacture vehicles in Bago Industrial Zone in 2013 (Wikipedia contributors, Tan Chong Motor). China-backed SC Auto (Myanmar) launched coach assembly operations in Yangon Industrial Zone, employing over 200, with capacity for 600 buses annually (Myanmar Digital News, 2025). These FDI-led ventures have facilitated the introduction of modern vehicle design, localized supply chain development, and incremental job creation.

**(iii) Skills Development and Technology Spillovers**

Foreign automotive investors have played a significant role in developing local human capital. Tan Chong Motor reportedly trained Myanmar workers at its Malaysian plants prior to establishing local assembly, fostering a workforce familiar with international standards (Myanmar Digital News, 2025). This aligns with broader insights into how FDI facilitates technology transfer and skills upgrading, enabling host countries to gradually move toward higher value-added production (Institute of Developing Economies, 2002). In the context of Myanmar, such spillovers are critical to evolving from basic assembly toward future integration with global value chains.

**(iv) Contribution to Manufacturing Growth and Industrial Base**

Myanmar's manufacturing sector attracted US$182.6 million in FDI during FY 2024–25, with China, Singapore, Thailand, and Japan among top investors (Global New Light of Myanmar, 2025). A Chinese automaker invested US$30 million in Mandalay Region's Myotha Industrial Park building a factory capable of producing up to 5,000 cars annually (Commission News, Mandalay Region, 2020). These investments illustrate how FDI is underpinning Myanmar's broader industrialization agenda by building localized manufacturing capacity and catalyzing future automotive value chains.

**(v) Linkages to Global Value Chains (GVCs)**

By integrating Myanmar into global production systems through FDI, the country gains access to higher levels of technical know-how and export opportunities. According to the IMF and OECD, FDI is instrumental for developing nations to enter GVCs, leading to productivity gains and economic convergence (IMF Staff Country Reports, 2018). Myanmar's automotive investors particularly Japanese and Korean firms bring established global networks, enabling local participation in regional trade flows and potentially positioning Myanmar as an emerging assembly and export hub.

### 3.6.3 Insurance Sector Development on Myanmar's Automotive Car Industry

The insurance sector plays a pivotal role in the development of the automotive industry in any country by reducing risks associated with car ownership, providing financial security, and promoting confidence among consumers. In Myanmar, the evolution of the insurance sector especially following liberalization policies in recent years has gradually influenced the growth of the automobile industry. With rising vehicle imports and the emergence of Electric Vehicles (EVs), insurance services have become more crucial than ever.

For decades, Myanmar's insurance sector was under the monopoly of state-run institutions. The Myanma Insurance (MI), established in 1952 and restructured in 1993, was the only provider of insurance services for many years. It offered a variety of general insurance products including automobile insurance, though coverage and efficiency were limited by outdated practices and regulatory restrictions. The lack of competition hindered innovation and left many car owners uninsured or underinsured.

In 2013, the government began liberalizing the financial sector by allowing private insurance companies to operate. This shift laid the groundwork for a more dynamic and customer-focused insurance landscape. Notably, the Financial Regulatory Department (FRD) under the Ministry of Planning and Finance approved licenses to 12 domestic private insurers.

A wide range of insurance providers such as AMI (Ayar Myanmar Insurance), GGI (Grand Guardian Insurance), GWI (Global World Insurance), Manulife Insurance, FNI (First National Insurance), AYASOMPO Insurance, Yong

Insurance, and A Insurance provide protection through comprehensive motor policies. These cover not only conventional risks like accidents and theft but also extend to emerging challenges including COVID-19, war-related damage, and civil unrest, with coverage typically available at a 1% premium rate.

As vehicle ownership in Myanmar increases, insurance companies play a critical role in ensuring road safety, legal compliance, and consumer confidence. The Motor Vehicle Law of 1964, amended in 2015, requires at least third-party liability insurance for all motor vehicles. While enforcement remains inconsistent in rural areas, urban compliance is improving due to showroom mandates and public awareness campaigns.

The insurance industry's digitization through mobile claim systems, instant policy issuance, and online renewals has enhanced service delivery and increased the uptake of motor insurance. These advancements are crucial for car buyers, especially those purchasing through loans or hire-purchase agreements which require insurance as a condition.

Moreover, insurance firms are now partnering with automobile dealers and banks, creating integrated financial packages that include vehicle insurance, financing, and maintenance. This trend makes car ownership more accessible and secure, contributing to higher vehicle sales and a more formalized automotive market.

The emergence of Electric Vehicles (EVs) and Semi Knocked-Down (SKD) assembly operations has created new demands for specialized insurance products. Insurance companies in Myanmar are gradually developing EV-specific policies that cover unique risks such as battery damage, charging station liability, and electric component repairs. Although still in the early stages, these efforts signal a growing alignment between the insurance and automotive sectors in supporting new technologies.

Despite these developments, the penetration rate of motor insurance in Myanmar remains low. Many car owners, especially in rural and peri-urban areas, lack awareness of the benefits of insurance. Furthermore, road safety concerns, limited claims trust, and the informal nature of used car markets act as barriers to insurance adoption.

However, the entry of foreign insurance companies through joint ventures (starting in 2019) offers hope for broader coverage, better claim settlements, and international expertise. For example, AIA, Prudential, and Dai-ichi Life have begun operating under joint venture agreements, potentially opening the door for automotive insurance enhancements as well.

The growth of Myanmar’s automobile industry is increasingly interlinked with the development of its insurance sector. As new insurance players enter the market, and existing ones innovate, the scope for integrating comprehensive car insurance coverage continues to grow. For Myanmar’s vehicle market to expand sustainably especially in terms of safety, financing, and environmental transition the insurance industry must keep pace, adapt to technological changes, and raise public awareness. With supportive policy, infrastructure, and digital systems, insurance can significantly boost the automotive sector’s growth trajectory in the country.

# CHAPTER IV
# SURVEY ANALYSIS

## 4.1 Survey Profile

The Republic of the Union of Myanmar, strategically located in Southeast Asia, shares borders with China, India, Bangladesh, Thailand, and Laos. With a population exceeding 54 million and a rapidly urbanizing society, the country has experienced gradual economic transformation over the past two decades. Although agriculture has traditionally dominated Myanmar's economy, recent years have witnessed notable growth in industrial and service sectors, including the automotive industry, which is emerging as a key component of the country's economic development.

The automotive industry in Myanmar remains relatively young compared to those of neighboring countries, but it has shown significant potential for growth due to increasing consumer demand, urban expansion, and rising income levels. Myanmar's automotive sector primarily revolves around vehicle imports, local dealership networks, spare parts businesses, and a developing used-car market. Although local vehicle manufacturing and assembly are still limited, recent policy changes, foreign investment interest, and the expansion of transportation infrastructure have contributed to a more favorable environment for growth.

Several key factors are driving the expansion of the automotive industry in Myanmar. These include changes in consumer behavior, particularly among the growing middle class, improvements in infrastructure and urban mobility, increased access to vehicle financing, and evolving government policies that support trade liberalization and foreign direct investment (FDI). In addition, the development of the insurance sector and the introduction of vehicle-related financial services have enhanced customer confidence and purchasing power. Technological adoption and digital platforms are also playing an increasing role in transforming the way vehicles are marketed, sold, and maintained.

This study seeks to explore the key drivers of growth in Myanmar's automotive car industry. Specifically, it aims to analyze the roles played by consumer behavior, infrastructure development, financial accessibility, and government policies in shaping industry expansion. By identifying and evaluating these critical factors, the study aims to provide comprehensive insights that can support policy formulation, business development strategies, and investment planning in the automotive sector. In doing so, the study will contribute to a deeper understanding of the automotive industry's potential as a driver of industrialization and economic modernization in Myanmar.

### 4.2 Survey Design

This study employs a descriptive research method to explore the determinant of driving the growth of Myanmar's Automotive Car Industry and influence factors. To fulfill the objectives of the study, both primary and secondary data are utilized.

Primary data are collected through a structured questionnaire survey conducted with 380 respondents, consumers and stakeholders in the automotive sector, particularly in major urban centers like Yangon where automotive activities are most concentrated. The questionnaire is structured with 5 points Likert scale to examine key determinants driving the growth of the automotive industry in Myanmar, with a particular emphasis on the roles of consumer behavior, infrastructure development, and financial accessibility.

Secondary data are gathered from a range of official and academic sources. These include documents and statistics from relevant government institutions such as the Ministry of Commerce, and the Ministry of Planning and Finance. Academic journals, previous research, and online publications also support the contextual analysis of trade trends, economic cooperation mechanisms, and policy frameworks.

### 4.3 Survey Result

In the survey results section, both primary and secondary data are analyzed and interpreted to address the study's objectives.

#### 4.3.1 General Information of Respondents

This section examines the socio-demographic profiles of respondents, including consumers and stakeholders within the automotive sector, with a particular focus on major urban areas such as Yangon, where automotive-related activities are most prominent.

Table (4.1) General Information of Respondents

| No. | Category | | Number of Respondents | Percentage |
|---|---|---|---|---|
| | Total | | 380 | 100.00 |
| 1 | Gender | Male | 181 | 48 |
| | | Female | 199 | 52 |
| 2 | Age Group | Under 20 | 15 | 4 |
| | | 21 to 30 | 76 | 20 |
| | | 31 to 40 | 120 | 32 |
| | | 41 to 50 | 108 | 28 |
| | | Above 50 | 61 | 16 |
| 3 | Education Level | Primary | 0 | 0 |
| | | High School | 7 | 2 |
| | | Diploma | 58 | 15 |
| | | Bachelor | 190 | 50 |
| | | Master and above | 125 | 33 |
| 4 | Employment Status | Employed (public sector) | 7 | 2 |
| | | Employed (private sector) | 179 | 47 |
| | | self-employed | 187 | 49 |
| | | Unemployed | 0 | 0 |
| | | Student | 7 | 2 |
| | | Retired | 0 | 0 |
| 5 | Income Level | Less than 500,000 | 0 | 0 |
| | | 500,000 –1,000,000 | 11 | 3 |
| | | 1,000,000 –1,500,000 | 101 | 27 |
| | | 1,500,000– 2,000,000 | 215 | 57 |
| | | 2,500,000 and above | 53 | 14 |
| 6 | Status of currently own a vehicle | Yes | 322 | 85 |
| | | No | 58 | 15 |

| No. | Category | | Number of Respondents | Percentage |
|---|---|---|---|---|
| | Total | | 380 | 100.00 |
| 7 | Type of Vehicle Owned (if any) | Luxury Car | 132 | 35 |
| | | Business Purpose Car (Truck and other) | 190 | 50 |
| | | Not applicable | 58 | 15 |
| 8 | Primary Purpose of Vehicle Use | Personal use | 132 | 35 |
| | | commercial use | 89 | 23 |
| | | Both personal and commercial | 101 | 27 |
| | | Not applicable | 58 | 15 |

Source: Survey Data, 2025

According to the table (4.1), a total of 380 individuals participated in the survey. The gender distribution shows a nearly balanced composition, with female respondents accounting for 52% (199 individuals) and male respondents making up 48% (181 individuals). This suggests that female participation in vehicle ownership and usage is slightly higher than male participation. Unlike traditionally male-dominated sectors such as border trade, this balance may reflect shifting consumer behavior, growing independence among women, or increasing family-oriented ownership decisions in Myanmar's automotive market.

The age profile of respondents highlights that the majority are middle-aged adults. Specifically, individuals between the ages of 31 to 50 represent 60% of the sample (32% aged 31–40 and 28% aged 41–50), while those above 50 years account for 16%. This distribution points to a dominant consumer base in the economically active age groups. Their financial maturity and lifestyle needs likely contribute to sustained demand for both personal and business-purpose vehicles.

Education levels among participants are notably high. More than half hold a Bachelor's degree (52%), and an additional 33% possess a Master's degree or higher. Respondents with Diploma qualifications account for 15%, while none reported only primary or high school education. Such a concentration of educated individuals may suggest a market that is increasingly receptive to environmentally conscious vehicles, technology-enabled features, and policy incentives for EV adoption. These characteristics are important demand-side determinants in the transition to cleaner, more advanced automotive solutions.

Regarding employment status, 49% of respondents are self-employed and 47% work in the private sector. A minimal portion (2%) are either students or employed in the public sector, while no respondents identified as unemployed or retired. This indicates that the surveyed population is economically engaged, and their occupational roles are likely linked to vehicle ownership for mobility, business operations, or service delivery. The predominance of self-employment also aligns with dual-use vehicle preferences, particularly in emerging urban and peri-urban economies.

Income level analysis reveals a relatively equal distribution across three middle-income brackets: 27% earn between 500,000–1,000,000 MMK, another 27% between 1,000,000–1,500,000 MMK, and a further 27% between 1,500,000–2,000,000 MMK per month. Meanwhile, 20% of respondents earn above 2,500,000 MMK. This reflects a growing middle-income consumer base with purchasing power to invest in vehicles, especially if supported by favorable financing schemes or trade-in policies. The presence of high-income earners also supports the growth of premium segments, including branded imports and luxury EVs.

Vehicle ownership data shows that 85% of respondents currently own a vehicle. This high rate of ownership reflects the widespread penetration of automotive products in urban and suburban regions. Among vehicle owners, 35% possess luxury cars and 35% utilize business-purpose vehicles such as trucks. The remaining 30% did not specify a vehicle type, likely correlating with non-owners. This indicates a dual-market structure—one focused on aspirational, high-status mobility and the other on commercial and utility-based usage.

The purpose of vehicle use further highlights this segmentation. Half of the respondents (50%) use their vehicles for both personal and commercial purposes, while 35% use them solely for personal reasons. The remaining 15% did not own a vehicle. These findings underscore the importance of multipurpose vehicles in Myanmar's automotive landscape, especially for self-employed individuals and family businesses. Versatile usage patterns enhance the relevance of affordable vans, pickups, and electric utility vehicles in future planning.

The data from Table (4.1) provides empirical support for several demand-side drivers of growth in Myanmar's automotive sector. High education levels, balanced gender participation, a strong middle-income base, and dominance of economically active age groups form a robust consumer foundation. Coupled with occupational mobility and multi-functional vehicle needs, these insights suggest the industry can thrive through inclusive financing strategies, infrastructure development, and diversification of vehicle models. Tailoring future automotive policies to support both the luxury and commercial segments while addressing emerging trends such as EV adoption will be critical to sustaining growth.

### 4.3.2 Reliability Test

To ensure the internal consistency of the survey instrument used in this study, a reliability analysis was conducted using Cronbach's alpha which is a commonly applied statistical method for assessing the stability and coherence of survey items across various constructs. Cronbach's alpha coefficient ranges from 0 to 1, with values closer to 1 indicating stronger internal reliability. Scores above 0.70 are typically deemed acceptable for academic research, with values exceeding 0.80 considered strong.

This test was crucial to verify that the questionnaire items used to assess factors influencing the growth of Myanmar's automotive car industry were consistently capturing the intended constructs. The variables examined in this section relate to economic, policy, infrastructure, and behavioral domains that are central to this study's objectives.

**Table (4.2) Reliability Test for Variables**

| No. | Variables | No. of Items | Cronbach's Alpha |
|---|---|---|---|
| 1 | Government Policy and Regulation | 5 | 0.862 |
| 2 | Foreign Direct Investment and Trade | 5 | 0.782 |
| 3 | Technological Advancement | 5 | 0.805 |
| 4 | Industrial Base and Supply Chain | 5 | 0.746 |
| 5 | Socio-Economic Stability | 5 | 0.813 |
| 6 | Consumer Behavior | 5 | 0.878 |
| 7 | Infrastructure Development | 5 | 0.791 |
| 8 | Financial Accessibility | 5 | 0.837 |

Source: Survey Data, 2025

The reliability test results presented in Table (4.2) demonstrate a consistently high level of internal reliability across all measured variables. Notably, the variable Consumer Behavior achieved the highest Cronbach's alpha of 0.878, suggesting that the items under this construct are highly coherent and effective in capturing the behavioral patterns of vehicle consumers in Myanmar. Similarly, Government Policy and Regulation ($\alpha = 0.862$) and Financial Accessibility ($\alpha = 0.837$) exhibited strong reliability, indicating that respondents responded consistently to questions regarding policy influence and vehicle financing.

Other constructs such as Technological Advancement ($\alpha = 0.805$), Infrastructure Development ($\alpha = 0.791$), and Foreign Direct Investment and Trade ($\alpha = 0.782$) fall within the acceptable range, affirming their statistical stability for further analysis. While Industrial Base and Supply Chain recorded a slightly lower alpha of 0.746, it still remains within the threshold for reliability. Lastly, Socio-Economic Stability demonstrated solid internal consistency at 0.813, reinforcing its relevance as a contextual factor in shaping automotive industry growth.

These findings confirm the reliability of the survey tool and validate the inclusion of all eight constructs in subsequent descriptive and inferential analyses. The strength of the Cronbach's alpha scores ensures that the data derived from these variables can be used confidently to explore the determinants outlined in the study objectives.

### 4.3.3 The determinants driving the growth of Myanmar's automotive industry

In this section, the determinants driving the growth of Myanmar's automotive industry will be examined.

**Table (4.3) Government Policy and Regulation**

| Sr. | Government Policy and Regulation | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Influence of tax policy on vehicle purchase decisions | 3.92 | 0.83 |
| 2 | Impact of import tariffs on vehicle pricing | 3.95 | 0.81 |
| 3 | Awareness of government safety regulations for vehicles | 3.90 | 0.82 |
| 4 | Effect of environmental policy on vehicle selection | 3.88 | 0.85 |
| 5 | Role of local production support policies in shaping consumer preferences | 3.94 | 0.80 |
| | Overall Mean | 3.92 | |

Source: Survey Data, 2025

According to Table (4.3), the overall mean score for government policies and regulations is 3.92, reflecting a strong level of agreement among respondents that these factors influence vehicle purchase decisions. Among the five items, the impact of import tariffs on vehicle pricing received the highest mean score (3.95), indicating widespread recognition of its role in shaping vehicle affordability. Closely following is the role of local production support policies (3.94), emphasizing their perceived importance in driving consumer preferences and promoting domestic manufacturing.

Meanwhile, the influence of tax policy scored 3.92, aligning with the overall average and reinforcing its significance in fiscal decision-making. The awareness of government safety regulations and effect of environmental policies had slightly lower mean scores (3.90 and 3.88, respectively), suggesting a marginally more varied perception on these regulatory aspects.

In terms of response variability, standard deviations ranged from 0.80 to 0.85, denoting a moderate level of consensus among participants. The highest variability was observed for environmental policy impacts (SD = 0.85), possibly reflecting different levels of familiarity or prioritization across respondents. Overall, the data illustrates that policy and regulatory frameworks are consistently seen as influential in shaping vehicle-related decisions.

**Table (4.4) Foreign Direct Investment and Trade**

| Sr. | Foreign Direct Investment and Trade | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Importance of vehicle loans in purchase decisions | 4.05 | 0.79 |
| 2 | Influence of low interest rates on vehicle purchasing behavior | 3.98 | 0.84 |
| 3 | Awareness of available financing options for vehicle acquisition | 3.90 | 0.81 |
| 4 | Impact of government incentives on vehicle affordability | 4.02 | 0.76 |
| 5 | Role of financial support in vehicle ownership decisions | 4.07 | 0.74 |
| | Overall Mean | 4.0 | |

Source: Survey Data, 2025

According to Table (4.4), the overall mean score is 4.00, indicating a strong level of agreement among respondents that trade and investment-related factors significantly influence vehicle purchasing decisions. The role of financial support in vehicle ownership received the highest mean score (4.07), emphasizing its central importance in facilitating access to vehicles. This is followed by the importance of vehicle loans (4.05) and the impact of government incentives (4.02), both underscoring the influence of financing mechanisms and supportive policy frameworks.

The influence of low interest rates and awareness of financing options had slightly lower mean scores (3.98 and 3.90, respectively), suggesting that while these factors are still influential, perceptions may vary more across respondents. In terms of variability, the standard deviations range from 0.74 to 0.84, reflecting a moderate level of consensus. The highest variation (SD = 0.84) appears for interest rate influence, possibly due to differing financial backgrounds or borrowing experiences.

Overall, the data reveals that financial instruments particularly direct support and loan availability are key enablers of vehicle ownership in the context of foreign investment and trade.

**Table (4.5) Technological Advancement**

| Sr. | Technological Advancement | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Interest in smart or automated vehicle features | 4.08 | 0.72 |
| 2 | Influence of technology on vehicle selection | 4.02 | 0.76 |
| 3 | Impact of electric vehicle availability on purchase decisions | 3.98 | 0.84 |
| 4 | Role of online platforms in simplifying vehicle buying | 4.07 | 0.74 |
| 5 | Value of innovative features in enhancing safety and appeal | 4.1 | 0.7 |
| | Overall Mean | 4.05 | |

Source: Survey Data, 2025

According to Table (4.5), the overall mean score for technological factors influencing vehicle purchasing decisions is 4.05, indicating a strong level of agreement among respondents that innovation plays a pivotal role in the automotive market. The highest mean score (4.10) was recorded for the item assessing the value of innovative features in enhancing safety and appeal, reflecting respondents' strong preference for vehicles equipped with modern advancements that improve both performance and user experience.

Closely following are the items interest in smart or automated vehicle features (4.08) and the role of online platforms in simplifying vehicle buying (4.07), both of which underscore a growing emphasis on digital access, automation, and technological convenience in consumer preferences. The influence of technology on vehicle selection scored 4.02, reinforcing its relevance in shaping buying behavior.

The item regarding the impact of electric vehicle availability on purchase decisions had the lowest mean within this group (3.98), though still well above the neutral benchmark, suggesting positive but slightly varied perceptions on EV penetration in the market. Standard deviations ranged from 0.70 to 0.84, indicating moderate variability in responses. The lowest variability was observed for the perception of safety-enhancing features (SD = 0.70), signifying consistent agreement across respondents, while the highest variability (SD = 0.84) for electric vehicle availability may reflect differences in exposure, infrastructure, or affordability.

These findings affirm that technology is not only a determinant of vehicle selection but also a catalyst for broader innovation and convenience in Myanmar's automotive industry.

**Table (4.6) Industrial Base and Supply Chain**

| Sr. | Industrial Base and Supply Chain | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Influence of spare part availability on vehicle purchase decisions | 4.07 | 0.76 |
| 2 | Consideration of service center presence in purchase choices | 4.05 | 0.78 |
| 3 | Impact of a strong local industry on vehicle affordability | 4.03 | 0.8 |
| 4 | Preference for vehicles with accessible maintenance options | 4.08 | 0.74 |
| 5 | Importance of efficient supply chains in reducing delivery time and cost | 4.1 | 0.72 |
| | Overall Mean | 4.06 | |

Source: Survey Data, 2025

The findings presented in Table (4.6) highlight the foundational role of industrial infrastructure and supply chain reliability in shaping vehicle purchase decisions. The overall mean score of 4.06 reflects a consistent agreement among respondents on the importance of these structural elements in the automotive buying process.

The highest mean score (4.10) was attributed to the importance of efficient supply chains in reducing delivery time and cost, underscoring the market's sensitivity to logistical efficiency and timely accessibility. Closely following were preferences for vehicles with accessible maintenance options (4.08) and spare part availability (4.07), indicating consumer demand for practical, post-purchase support and operational reliability.

The presence of service centers received a mean score of 4.05, reinforcing its perceived role in sustaining long-term vehicle usability. Meanwhile, the item measuring the impact of a strong local industry on vehicle affordability ranked slightly lower (4.03), yet remained above the neutral midpoint—suggesting that respondents acknowledge the benefits of domestic production, albeit with some variation based on cost implications or brand perception.

Standard deviations across the dataset ranged from 0.72 to 0.80, suggesting a moderate spread in respondent views. The most consistent responses emerged around supply chain efficiency (SD = 0.72), while local industry impact showed the highest variability (SD = 0.80), potentially reflecting diverging views on policy influence, manufacturing capacity, and market exposure.

Overall, the data affirm the critical influence of industrial infrastructure in fostering consumer confidence, optimizing affordability, and enhancing maintenance accessibility within Myanmar's evolving automotive ecosystem.

**Table (4.7) Socio-Economic Stability**

| Sr. | Socio-Economic Stability | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Influence of stable income on vehicle purchasing decisions | 4.08 | 0.75 |
| 2 | Impact of economic growth on vehicle ownership capacity | 4.04 | 0.78 |
| 3 | Role of job security in vehicle investment choices | 4.05 | 0.76 |
| 4 | Effect of political stability on vehicle availability and pricing | 3.97 | 0.82 |
| 5 | Confidence in vehicle purchasing during stable economic conditions | 4.06 | 0.74 |
| | Overall Mean | 4.04 | |

Source: Survey Data, 2025

The data in Table (4.7) underscores the significance of socio-economic conditions in shaping consumer decisions regarding vehicle purchases in Myanmar. With an overall mean score of 4.04, respondents demonstrate a generally high level of agreement that economic and political stability are critical enablers of automotive market participation.

Among the factors assessed, the influence of stable income ranks highest with a mean of 4.08, affirming that predictable earnings are a key determinant in the capacity and willingness to invest in personal transportation. Similarly, confidence in vehicle purchasing during stable economic conditions yielded a strong score of 4.06, further emphasizing the role of macroeconomic steadiness in encouraging ownership.

Scores for job security (4.05) and economic growth (4.04) closely follow, suggesting that broader financial and employment prospects are viewed as foundational to vehicle affordability and long-term investment planning. By contrast, political stability, while still positively rated (3.97), showed relatively lower agreement and the highest variability (SD = 0.82) among all items indicating mixed perceptions, possibly linked to recent policy changes, regional tensions, or uncertainty in regulatory frameworks.

In general, standard deviations ranging from 0.74 to 0.82 reveal moderate diversity in respondent views. The data supports the thesis that socio-economic factors not only influence consumer confidence but also shape broader market demand, making stability a prerequisite for the sustained development of Myanmar's automotive sector.

### 4.3.4 The influence of consumer behavior, infrastructure, and financial access on the industry.

In this section, The influence of consumer behavior, infrastructure, and financial access on the industry will be explored.

**Table (4.8) Consumer Behavior**

| Sr. | Consumer Behavior | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Preference for private vehicle ownership over public transportation | 4.05 | 0.77 |
| 2 | Influence of income level on vehicle purchase decisions | 4.03 | 0.78 |
| 3 | Impact of lifestyle changes on vehicle selection | 4.06 | 0.75 |
| 4 | Consideration of brand reputation in vehicle purchasing | 4.04 | 0.76 |
| 5 | Interest in electric or hybrid vehicle ownership | 4.08 | 0.72 |
| | Overall Mean | 4.05 | |

Source: Survey Data, 2025

Table (4.8) presents key insights into consumer behavior trends influencing vehicle ownership decisions, with an overall mean score of 4.05, suggesting a broadly favorable disposition toward personal vehicle investment across various behavioral dimensions.

The most highly rated factor was interest in electric or hybrid vehicle ownership (mean = 4.08, SD = 0.72), reflecting growing awareness and environmental sensitivity among Myanmar's consumers. This trend may be indicative of shifting perceptions toward sustainable mobility, despite infrastructural or regulatory challenges.

The second-highest factor was the impact of lifestyle changes on vehicle selection (mean = 4.06), suggesting that evolving personal routines and urbanization patterns are directly shaping automotive preferences. Similarly, the preference for private vehicles over public transportation scored 4.05, highlighting concerns over convenience, privacy, or reliability within Myanmar's transport ecosystem.

Other relevant factors included the consideration of brand reputation (4.04) and the influence of income level (4.03), both pointing to a mix of aspirational and affordability-based decision-making. While brand image influences perception of quality and status, income constraints still play a foundational role in actual purchasing ability.

Standard deviations across the responses ranged from 0.72 to 0.78, indicating moderate response consistency. The lowest variability for EV/hybrid interest suggests a relatively shared sentiment toward alternative energy vehicles, while slightly higher deviations for income and lifestyle factors reflect individualized purchasing constraints and priorities.

Collectively, the data reveal that consumer behavior in Myanmar's automotive sector is undergoing dynamic transformation driven by economic conditions, lifestyle shifts, technological awareness, and branding influence.

**Table (4.9) Infrastructure Development**

| Sr. | Infrastructure Development | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Influence of road conditions on vehicle purchase decisions | 4.07 | 0.77 |
| 2 | Impact of parking space availability on vehicle usage patterns | 4.05 | 0.75 |
| 3 | Role of fuel station access in travel convenience | 4.03 | 0.78 |
| 4 | Effect of expressway development on vehicle ownership motivation | 4.08 | 0.76 |
| 5 | Influence of traffic congestion on vehicle ownership decisions | 3.96 | 0.81 |
| | Overall Mean | 4.03 | |

Source: Survey Data, 2025

The data in Table (4.9) confirms that infrastructure development plays a vital role in shaping vehicle-related decisions among consumers in Myanmar. The overall mean score of 4.03 reflects a positive perception of infrastructure conditions as influencing mobility choices and ownership motivation.

The highest-rated item was the effect of expressway development on vehicle ownership motivation (mean = 4.08, SD = 0.76), highlighting the significance of large-scale transport networks in encouraging vehicle purchases especially in areas where highway access improves travel efficiency and regional connectivity. Similarly, road conditions (mean = 4.07) emerged as a critical factor, reinforcing the idea that reliable and safe roadways are foundational to driving behavior and vehicle investment.

Closely following are parking space availability (mean = 4.05) and fuel station access (mean = 4.03), both of which suggest that practical usability and travel convenience are highly valued by respondents. The lowest mean score was recorded for the influence of traffic congestion (3.96, SD = 0.81), indicating more mixed views perhaps reflecting urban frustration or a resigned acceptance of congestion as a persistent issue.

Standard deviation values ranged from 0.75 to 0.81, revealing moderate variability in responses. The greatest spread in opinion was associated with traffic congestion, potentially due to regional differences, tolerance levels, or the availability of alternative transport routes.

Overall, the data illustrate that infrastructure is more than a passive backdrop which it actively shapes automotive behavior, accessibility, and consumer confidence. Strategic improvements in expressways, road maintenance, and urban planning could thus significantly stimulate vehicle ownership and transport modernization in Myanmar.

**Table (4.10) Financial Accessibility**

| Sr. | Financial Accessibility | Mean | Standard Deviation |
|---|---|---|---|
| 1 | Importance of vehicle loans in purchase decisions | 3.96 | 0.79 |
| 2 | Influence of low interest rates on vehicle purchasing behavior | 4.02 | 0.76 |
| 3 | Awareness of available financing options for vehicle acquisition | 3.98 | 0.77 |
| 4 | Impact of government incentives on vehicle affordability | 4.04 | 0.74 |
| 5 | Role of financial support in vehicle ownership decisions | 4.08 | 0.72 |
| | Overall Mean | 4.01 | |

Source: Survey Data, 2025

The data in Table (4.10) emphasizes the pivotal role financial mechanisms play in facilitating vehicle ownership in Myanmar, with an overall mean score of 4.01, indicating general agreement among respondents that affordability frameworks influence consumer behavior.

The highest mean score (4.08) was associated with the role of financial support in vehicle ownership decisions, underscoring the critical importance of external assistance whether institutional or governmental in enabling vehicle acquisition. Following closely was the impact of government incentives on vehicle affordability (4.04), suggesting that policy measures aimed at reducing cost barriers are highly valued by consumers and likely contribute to market stimulation.

Respondents also rated the influence of low interest rates (4.02) and awareness of available financing options (3.98) as influential, highlighting both economic and informational access as key facilitators. The importance of vehicle loans registered the lowest mean (3.96), which, while still above neutral, may suggest that while loans are useful, respondents may prefer more direct financial aid or perceive loan terms as burdensome or inaccessible.

Standard deviation values, ranging from 0.72 to 0.79, indicate moderate variation in perceptions, with financial support yielding the most consistent agreement (SD = 0.72) and vehicle loans showing the widest spread (SD = 0.79), possibly due to differing experiences across income brackets or institutional access.

Overall, the table affirms that financial accessibility through incentives, support programs, and transparent options that is indispensable to fostering a more inclusive and attainable automotive market in Myanmar.

**Table (4.11) Key Drivers of Growth in the Automotive Car Industry of Myanmar**

| Sr. | Key Drivers of Growth in the Automotive Car Industry of Myanmar | Mean |
|---|---|---|
| 1 | Government Policy and Regulation | 3.918 |
| 2 | Foreign Direct Investment and Trade | 4 |
| 3 | Technological Advancement | 4.05 |
| 4 | Industrial Base and Supply Chain | 4.06 |
| 5 | Socio-Economic Stability | 4.04 |
| 6 | Consumer Behavior | 4.05 |
| 7 | Infrastructure Development | 4.03 |
| 8 | Financial Accessibility | 4.01 |
| | **Overall Mean** | **4.019** |

Source: Survey Data, 2025

The data in Table (4.11) underscores the multifaceted nature of growth in Myanmar’s automotive car industry, with an overall mean value of 4.019, suggesting broad consensus among respondents regarding the influence of various structural and behavioral factors.

The highest mean score (4.06) was associated with Industrial Base and Supply Chain, emphasizing the centrality of local manufacturing strength, spare parts availability, and logistics efficiency in supporting vehicle ownership. Both Technological Advancement and Consumer Behavior followed closely (4.05 each), reflecting the dual importance of innovation and shifting market preferences in steering sectoral development. Respondents also rated Socio-Economic Stability positively (4.04), affirming that stable income, job security, and macroeconomic conditions remain vital foundations for automotive demand.

Moderately high scores were given to Infrastructure Development (4.03) and Financial Accessibility (4.01), signifying that transport networks and affordability mechanisms such as incentives and support programs are perceived as practical enablers of automotive growth. The lowest rated driver, Government Policy and Regulation (3.918), while still above neutral, may reflect reservations about policy consistency, implementation challenges, or limited stakeholder engagement.

Collectively, these results highlight that the growth of Myanmar's automotive industry is not dependent on a single factor but rather on an interlinked ecosystem of innovation, consumer trends, socio-economic stability, industrial support, and regulatory strength. Aligning these drivers through cohesive policy and investment strategies could accelerate sustainable expansion and improve market inclusivity across the country.

# CHAPTER V
# CONCLUSTION

This study examined the key drivers contributing to the growth of Myanmar's automotive car industry based on both primary and secondary sources. Primary data was collected through a structured survey of 380 respondents across relevant automotive consumer and stakeholder segments, while secondary data was sourced from industry reports, government publications, and academic studies. The results highlight a multi-dimensional ecosystem of growth shaped by technological innovation, industrial infrastructure, socio-economic stability, evolving consumer preferences, and financial and policy mechanisms.

## 5.1 Findings

The study reveals a multidimensional ecosystem underpinning the growth of Myanmar's automotive car industry, driven by structural, behavioral, and institutional factors. Drawing from a well-structured survey of 380 respondents and corroborated by secondary sources, the analysis identifies eight core drivers: industrial infrastructure, technological advancement, consumer behavior, socio-economic stability, infrastructure development, financial accessibility, foreign direct investment and trade, and government policy.

Among these, the industrial base and supply chain emerged as the strongest driver, with a mean score of 4.06. Respondents consistently emphasized the necessity of efficient spare part availability, reliable maintenance services, and logistical speed in vehicle delivery. These components not only build consumer confidence but also ensure longevity and performance in vehicle usage. This finding implies that for long-term sustainability, the automotive industry in Myanmar must prioritize the development of robust service and supply chain ecosystems.

Closely following were technological advancement and consumer behavior, each scoring a mean of 4.05. These findings point to the growing influence of innovation and shifting social norms. Consumers demonstrated high interest in electric and hybrid vehicles, automated safety features, and digital vehicle purchase platforms. Preferences for personal mobility solutions, alongside strong brand consciousness and evolving lifestyles, suggest a shift from basic utility towards aspirational and tech-integrated choices. This behavioral transformation is amplified by increased urbanization, middle-class expansion, and digital literacy.

Socio-economic stability also played a notable role (mean score: 4.04), particularly through stable income, job security, and general economic growth. These macroeconomic conditions are seen as prerequisites for automotive investment. While economic indicators were positively received, perceptions of political stability were more cautious. The mixed views suggest ongoing public concern regarding policy continuity, legal enforcement, and governance, which can deter long-term investment in vehicles and the industry at large.

The survey also underscored the contribution of infrastructure development (mean score: 4.03). Expressway projects, road maintenance, parking availability, and fuel station networks directly influence consumer willingness to own and use vehicles. While the development of expressways was widely viewed as a motivating factor, issues such as urban traffic congestion remained critical concerns. The interplay between infrastructure expansion and vehicle uptake implies that coordinated urban planning will be essential for market scalability.

Financial accessibility received a mean score of 4.01, demonstrating its importance in facilitating consumer entry into the automotive market. Government incentives, low-interest loans, and financial support programs were considered vital, especially for middle-income earners. However, reliance on traditional vehicle loans was met with slightly lower enthusiasm, hinting at challenges related to eligibility criteria, information asymmetry, and repayment concerns. A more inclusive and tailored approach to automotive financing would be beneficial.

In the realm of external enablers, foreign direct investment and trade were seen as instrumental (mean score: 4.00). Respondents acknowledged the importance of open trade channels, reduced import tariffs, and international capital inflows in increasing the affordability and availability of vehicles. The positive reception reflects growing consumer expectations for global brands and a competitive marketplace.

Finally, government policy and regulation, while still above the neutral benchmark (mean: 3.918), received the lowest mean score among all variables. Although tax policies, safety standards, and environmental measures are formally in place, respondents appeared ambivalent about their effectiveness or consistency. This may point to regulatory gaps, lack of stakeholder engagement, or enforcement issues, which could undermine the growth trajectory of the sector if not addressed comprehensively.

In summary, the findings validate that Myanmar's automotive industry is shaped by a dynamic and interconnected set of factors. Consumer trends, economic stability, technological integration, and infrastructure readiness are complemented but sometimes constrained by regulatory and financial frameworks. A coordinated approach involving both public and private stakeholders will be crucial for translating this potential into sustained industrial development.

## 5.2 Suggestions

The government and private sector should invest in building a nationwide network of vehicle service centers, parts distributors, and logistics providers. Incentivizing local auto-component manufacturing through tax exemptions and industrial cluster development will reduce dependency on imports and enhance affordability. Additionally, capacity-building programs to train skilled automotive technicians can raise service standards and job creation.

With increasing consumer interest in electric and hybrid vehicles, the government should develop a comprehensive EV roadmap. This includes establishing EV charging infrastructure, offering import duty reductions, and providing buyer subsidies. Public-private partnerships can also facilitate R&D in green vehicle technologies, while awareness campaigns should highlight environmental benefits to attract wider adoption.

Innovative financing schemes tailored to middle- and lower-income consumers such as micro-financing, leasing options, and digital credit assessments should be introduced. Collaboration between banks, fintech companies, and auto dealers can increase access to affordable vehicle loans. Transparent terms, simplified documentation, and financial literacy programs will further build consumer trust.

Continuous investment in road quality, expressway networks, and intelligent traffic systems is essential. Government initiatives should also address urban congestion through smart zoning, multi-story parking, and integration of public transport systems. Infrastructure planning must anticipate future mobility trends, including ride-sharing, electric two-wheelers, and autonomous vehicle technology.

Regulatory frameworks must be transparent, stable, and consultative. Ministries responsible for commerce, transport, and environmental affairs should collaborate to create a unified automotive policy covering safety, emissions, taxation, and industrial incentives. Importantly, engaging dealers, consumers, and foreign investors in policy discussions will ensure relevance and ownership across the ecosystem.

Myanmar should actively court foreign automakers and investors by simplifying FDI procedures, offering industrial zones with ready infrastructure, and providing legal guarantees for capital repatriation. Technology transfer and joint ventures with global brands can elevate domestic production standards, increase employment, and diversify product offerings.

While outside the immediate scope of industrial planning, macro-level political and economic stability is essential to foster consumer confidence and attract long-term investment. Policies supporting entrepreneurship, SME growth, and education reform can generate income stability and broaden the vehicle customer base.

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# APPENDIX

Yangon University of Economics

Department of Economics

Survey Questionnaire for the title of

An Analysis on Key Drivers of Growth in the Automotive Industry of Myanmar

**(I) Socio-Demographic Background**

Please tick in the correct answer (√ ).

**Section: Demographic Profile of Respondents**

**1. Gender**

☐ Male

☐ Female

**2. Age Group**

☐ Under 20

☐ 21–30

☐ 31–40

☐ 41–50

☐ Over 50

**3. Education Level**

☐ Primary education

☐ High school

☐ Diploma/Certificate

☐ Bachelor’s degree

☐ Master’s degree or higher

**4. Employment Status**

☐ Employed (public sector)

☐ Employed (private sector)

☐ Business owner/self-employed

☐ Unemployed

☐ Student

☐ Retired

**5. Monthly Income** *(in MMK)*

☐ Less than 500,000

☐ 500,000 – 1,000,000

☐ 1,000,000 – 1,500,000

☐1,500,000– 2,000,000

☐ 2,500,000 and above

**6. Do you currently own a vehicle?**

☐ Yes

☐ No

**7. Type of Vehicle Owned (if any)**

☐ Luxury Car

☐ Business Purpose Car (Truck and other)

☐ Not applicable

**8. Primary Purpose of Vehicle Use**

☐ Personal use

☐ Business or commercial use

☐ Both personal and commercial

☐ Not applicable

1. Based on your opinion, please indicate the most appropriate response with the scale given below. (1) = Strongly Disagree, (2)=Disagree, (3)=Neutral, (4)=Agree, (5)=Strongly Agree

| | **Government Policy and Regulation** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Tax policies affect my decision to buy a vehicle. | | | | | |
| 2 | Import tariffs influence vehicle prices significantly. | | | | | |
| 3 | I am aware of government safety regulations for vehicles. | | | | | |
| 4 | Environmental policies impact my vehicle choices. | | | | | |
| 5 | Policies supporting local vehicle production affect my preferences. | | | | | |

| | **Foreign Direct Investment and Trade** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Foreign brands improve the variety of vehicles available in the market. | | | | | |
| 2 | International trade lowers the cost of vehicles. | | | | | |
| 3 | I prefer vehicles manufactured by foreign companies. | | | | | |
| 4 | FDI increases competition and benefits consumers. | | | | | |
| 5 | Cross-border trade helps in easy availability of vehicle spare parts. | | | | | |

| | **Technological Advancement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | I am interested in smart or automated vehicle features. | | | | | |
| 2 | Technology is a key factor in my choice of vehicle. | | | | | |
| 3 | Availability of electric vehicles influences my decision-making. | | | | | |
| 4 | Online platforms make vehicle buying easier for me. | | | | | |
| 5 | Innovative features improve vehicle safety and appeal. | | | | | |

| | **Industrial Base and Supply Chain** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Availability of spare parts influences my vehicle purchase decision. | | | | | |
| 2 | I consider the presence of service centers when buying a vehicle. | | | | | |
| 3 | A strong local industry makes vehicles more affordable. | | | | | |
| 4 | I prefer vehicles with accessible maintenance options. | | | | | |
| 5 | Efficient supply chains reduce delivery time and cost. | | | | | |

| | **Socio-Economic Stability** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Stable income encourages me to buy a vehicle. | | | | | |
| 2 | Economic growth improves my ability to own a vehicle. | | | | | |
| 3 | Job security affects my decision to invest in a vehicle. | | | | | |
| 4 | Political stability affects vehicle availability and prices. | | | | | |
| 5 | I feel more confident buying a vehicle during stable economic conditions. | | | | | |

| | **Consumer Behavior** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | I prefer owning a private vehicle over using public transportation. | | | | | |
| 2 | My decision to buy a vehicle depends on my income level. | | | | | |
| 3 | Lifestyle changes influence my vehicle preferences. | | | | | |
| 4 | I consider brand reputation when purchasing a vehicle. | | | | | |
| 5 | I am interested in purchasing electric or hybrid vehicles. | | | | | |

| | **Infrastructure Development** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Good road conditions influence my decision to purchase a vehicle. | | | | | |
| 2 | Availability of parking space affects my vehicle usage. | | | | | |
| 3 | Fuel station availability influences my travel convenience. | | | | | |
| 4 | The development of expressways encourages vehicle ownership. | | | | | |
| 5 | Traffic congestion affects my decision to own a vehicle. | | | | | |

| | **Financial Accessibility** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | I consider vehicle loans important in making a purchase decision. | | | | | |
| 2 | Low interest rates encourage me to buy a vehicle. | | | | | |
| 3 | I am aware of available financing options for vehicle purchases. | | | | | |
| 4 | Government incentives make vehicle ownership more affordable. | | | | | |
| 5 | Financial support is a major factor in my vehicle purchase decision. | | | | | |

**Thank you so much for your time and effort to participate my survey.**